TV's latest star

The glamorous life of a headhunter

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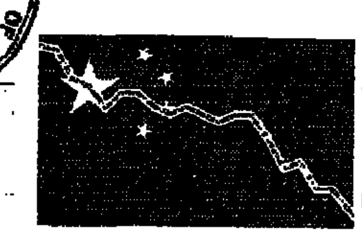

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FINANCIAL TIMES

Europe's Business Newspaper

MONDAY JANUARY 17 1994

Banks agree on rescue plan for Metallgesellschaft

Metallgesellschaft, German metals, mining and industrial group, staved off the threat of bankruptcy after winning agreement to a revised DM3.4bn ($1.97bn) rescue package.

At a 10-hour meeting, representatives of 120 creditor banks buried their opposition to initial rescue proposals and approved new plans, averting what would have been Germany's biggest corporate collapse since the AEG electrical group went bankrupt in 1982. Page 15; Global fix, Page 15

Italian poll date set: Italy will go to the polls on March 27 after President Oscar Luigi Scalfaro bowed to pressure for a renewal of the political establishment and dissolved parliament less than 20 months after the country's last general elections. Page 14; Editorial Comment, Page 13

China warns on UK trade: China increased pressure on Britain with a warning that the continuing dispute over Hong Kong might have a "crippling effect" on trade. Page 14

Japanese reform in balance: Prime minister Morihiro Hosokawa faces a daunting task in his efforts to secure parliamentary agreement on plans to reform Japan's discredited political and electoral system. Page 4

IRI, Italian state holding company, announced it would privatise its 57 per cent stake in the prestigious Banca Commerciale Italiana (BCI) in February. Page 15

W Europe new car sales fall: Sales of new cars in west Europe fell 15.2 per cent last year to an estimated 11.45m units, the steepest annual decline in the post-war period. Page 2

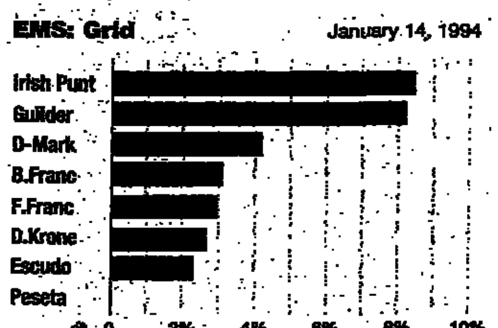
Channel tunnel claim: British and French construction companies have presented their final bill for building the Channel tunnel by starting legal action to recover more than £1bn ($1.5bn) which they say they are owed. Page 14

French state schools rally: In France's biggest demonstration for eight years, an estimated 250,000-300,000 people marched through Paris to show their support for state lay education. Page 2

Major appears at arms inquiry: UK prime minister John Major faces a fresh test to his political authority when he gives evidence today at a public inquiry into whether the government illegally sold arms to Iraq in the late 1980s. Page 6

Fiat, Turin-based automotive group, faces serious labour unrest following a management decision to cut its workforce by 5 per cent and lay off a further 10 per cent for up two years. Page 2

European Monetary System: The German D-Mark lost ground over the week in the EMS grid as speculation persisted that the Bundesbank might cut interest rates at its meeting this Thursday. The weaker tone was aggravated by strong runs from the dollar and sterling against the D-Mark. The Dutch guilder strengthened its position while both the French franc and Belgian franc weakened. Currencies, Page 27



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

S Africa peace move: South Africa's radical black Pan-Africanist Congress, blamed by police for numerous attacks against whites in recent months, said it was suspending its armed struggle and had begun telling guerrillas to disarm. Page 4

Second round for Finnish election: Martti Ahtisaari of the opposition Social Democrats and defence minister Elisabeth Rehn of the Swedish People's party will contest a decisive second round of the Finnish presidential election on February 6. Earlier story, Page 2

Investors look to Japan, US: UK institutional investors are shifting their attention away from continental European markets and towards Japan and the US, a survey has found. Page 15

German utility sale: German privatisation agency, the Treuhand, will tomorrow sell a majority stake of a large eastern utility group to Preussen-Elektra, electricity division of Veba, and Germany's second largest utility company. Page 16

Somali clans sign accord: Elders of Somalia's rival clans signed a peace accord mediated by Islamic leaders and appealed to the country's two main warlords to lay down their arms.

Jordan death sentences: Three Moslem militants were sentenced to be hanged and another seven given long jail sentences for plotting to assassinate Jordan's King Hussein at a military ceremony last June.

Fire in sauna: Fire swept through a two-storey sauna in the city of Tetuan, northern Morocco, killing 24 people. Another 15 were treated in hospital after inhaling smoke.

Gaidar quits Russian government

Reformer warns against 'dangerous' cabinet decisions

By John Lloyd in Moscow

Mr Yegor Gaidar, Russia's most prominent economic reformer, said yesterday he was pulling out of the government to avoid being forced to share responsibility for "dangerous" policy decisions.

Announcing his refusal to serve in the new cabinet that Mr Viktor Chernomyrdin, prime minister, is to name this week, Mr Gaidar said: "I cannot work without having the necessary levers at my command . . . where decisions I have taken are not approved and at the same time decisions I regard as dangerous are embraced by the government."

His decision, which appears final, will cause deep concern among western governments and financial institutions already worried about the prospects for reform in Russia after December elections that gave anti-reform parties a majority in the parliament's lower house.

It comes only a day after the departure of President Bill Clinton, who had been convinced by President Boris Yeltsin during a two-day summit that reforms would continue and deepen. The government now seems almost certain to pursue the much slower course of reform favoured by Mr Chernomyrdin.

Mr Gaidar, first deputy prime minister since last September and prime minister for 10 months in 1992, led the Russia's Choice party in last month's elections. He will now concentrate on leading his party in the state duma, the lower house. "I cannot be, at one and the same time, in the government and in opposition to it," he said.

Attempts may still be made, however, to entice Mr Gaidar

Gaidar passes the poisoned chalice .... Page 3

Editorial Comment ..... Page 13

back into the cabinet. Mr Vyacheslav Kostikov, Mr Yeltsin's press secretary, said last night that the resignation "would seriously weaken the president's reform flank", and that pressure would be put on him to stay.

Mr Yeltsin is due to meet Mr Chernomyrdin today, and the announcement of the new government is due today or tomorrow.

The future of other reformers in the cabinet is uncertain – although so far only one, Mrs Ella Pamfilova, the social security minister and the only woman in cabinet, has chosen to follow Mr Gaidar. Mr Boris Fyodorov, finance minister, said: "One's enthusiasm for work in the government is low."

In an interview with the Financial Times, Mr Fyodorov emphasised that he would not serve if Mr Viktor Gerashchenko, the central bank chairman, was confirmed in his post – and said that he, like Mr Gaidar, strongly objected to a draft agreement with Belarus for the unification of its economy with Russia's, signed by Mr Yeltsin this month.

"Such agreements cannot be made without reference to either the cabinet or the state duma. It is effectively the union of one state with another. However, I may be able to get changes in that agreement. I will have to see."

Mr Anatoly Chubais, the deputy premier for privatisation and the only member of the present government confirmed in post by a presidential decree, was advised by Mr Gaidar to stay on – as was Mr Andrei Kozyrev, the foreign minister.

Mr Gaidar said Mr Chernomyrdin had mentioned Mr Gregory Yavlinsky – leader of the Yabloko group, a rival reform faction to Russia's Choice, in the lower house – as a possible successor.

Mr Yavlinsky, a well-known reformer in Russia and the west, favours stronger policies on privatisation and de-monopolisation, and on economic union between the former Soviet republics – but is less concerned about securing a rapid reduction in inflation and stabilisation of the rouble.

Mr Yavlinsky, asked by the Interfax news agency last night if he would serve in government, replied: "I don't think so, but it's too early to say."

IBM wins computer deal for next four Olympics

By Alan Cane in London

International Business Machines, the world's largest information technology group, has been given sole rights to provide computer systems for the next four Olympic Games.

An exclusive agreement with the International Olympic Committee was signed last month, and the two organisations have the option to extend the agreement for a further two games.

This is the first time the IOC has selected a single company to provide information technology systems for either the summer or winter games, which are held every four years.

The winter games next month, at Lillehammer in Norway, will be the first in which the winter and summer cycles are separated by two years.

IBM is providing systems for the winter games this year and for the 1998 games at Nagano in Japan. It will also support the summer games at Atlanta in the US in 1996, and those at Sydney in Australia in 2000. No other computer company was invited to bid.

It is understood that, although other manufacturers could have provided the computers, the IOC was persuaded by IBM's worldwide presence, which means it has an organisation in any country that might host the games.

The committee was also attracted by the idea that systems developed for one games could be moved easily to the next. Until now, Olympic systems have usually been developed from scratch for each games at significant additional expense.

The deal commits IBM to provide for each games, without charge, enough computer power to run a large company. At Lillehammer, for example, it is providing three mainframe computers, 28 workstations, 3,000 personal computers and 500 printers. About 150 IBM technical staff will be on hand.

IBM is also acting as project manager for the software houses developing special software for the games. IBM estimates its involvement will cost it over NKr100m ($13.4m).

The US company has lost money heavily for the past two years and is expected to announce further losses this month. Mr Louis Gerstner, the company's new chairman, had to approve the Olympic deal.

IBM will have a range of marketing benefits, including world rights to the Olympic rings and logostyles for use with company promotions. IBM estimates the value of these from Lillehammer at NKr80m. Because the new deal was signed after IBM had developed the systems for Lillehammer, the Norwegians have agreed to pay IBM the difference, or NKr20m.

Assad pledges to seek peace with Israel

By Roger Matthews and Jurek Martin in Geneva and Julian Ozanne in Jerusalem

President Hafez al-Assad of Syria pledged himself yesterday for the first time in public to a full normalisation of relations with Israel as part of a comprehensive Middle East peace settlement.

In a rare appearance in the west after long talks in Geneva with US President Bill Clinton, Mr Assad called for a "peace of the brave" and said he wished to see an era of stability and security in the region in which there would be normal relations between all states. Syria had made the "strategic choice" to seek peace with Israel after years of confrontation.

Mr Assad's call for normal relations could give a significant boost to negotiations between Syria and Israel, the most important component of an eventual comprehensive Middle East peace agreement still to fall into place.

Senior US officials said they were greatly encouraged by the words used by Mr Assad, particularly on relations with Israel. "These are words that Israel has long waited to hear," said one.

Mr Clinton stressed that the outline accord between Israel and the Palestine Liberation Organisation represented an important first step towards peace. But he and Mr Assad also emphasised that for any deal to be durable it had to include the other Arab partners to the process.

Grasping the peace issue: Hafez al-Assad of Syria and Bill Clinton at the start of five hours of talks in Geneva yesterday

Associated Press

"Syria is the key to a comprehensive and enduring peace that will finally put an end to conflict between Israel and her Arab neighbours," said Mr Clinton.

He confirmed that the heads of the Syrian, Lebanese and Jordanian negotiating teams would be in Washington next week to resume contacts with Israel and discuss a full resumption of the talks broken off last summer.

Syria has insisted that it would be pointless to resume negotiations without a prior Israeli commitment to withdraw fully from the Golan Heights, occupied in 1967. Israel has demanded that Syria should state its willingness to exchange ambassadors and open its borders to trade and travellers, before it would say from how much of the Golan it would withdraw.

Mr Clinton, said he was encouraged by the Syrian leader's statement.

"I believe that President Assad has made a clear, forthright and very important statement on normal, peaceful relations," he said, adding that he now hoped for a positive response from Israel.

In Jerusalem, Israeli officials were cautiously positive. Mr

Continued on Page 14

US West may take 30% stake as LWT fights takeover bid

By Raymond Snoddy in London

London Weekend Television, one of Britain's main independent commercial TV stations, is in talks with US West, the Denver-based telephone company, over its taking a large stake in the company. LWT is attempting to fight off a hostile takeover bid by Granada, a rival UK commercial station.

The deal would be the most far-reaching move yet by a US company into British television, by pulling together powerful cable and traditional broadcast television interests.

US West already has significant cable television interests in the UK, through Telewest, its joint venture with Tele-Communications Inc, the largest US cable television operator. Plans are in train for a £400m flotation of Telewest.

Through the joint venture, US West has an interest in television franchises covering slightly fewer than 3m homes. That puts it in second place in the UK cable industry, behind Nynex, the New York and New England telephone company.

If talks succeed US West would almost certainly take a stake of up to 29.9 per cent in LWT.

Companies from outside the European Union are barred from controlling ITV franchises, but the definition of control is left to the judgment of the Independent Television Commission, the UK regulatory body for commercial TV. The National Heritage Department confirmed yesterday that no maximum percentage stake for non-EU companies is specified in legislation.

Mr Greg Dyke, LWT's chief executive, yesterday declined to comment on talks the company might be having with potential suitors. He said the central plank in LWT's defence against Granada remained "our record in the past, what we can achieve in future and we believe the best is yet to come".

It is thought that there have been several approaches for LWT from large US media companies interested in taking a stake.

US West is seen as the present favourite, although it is far from clear if the US company would be able to move fast enough to clinch any deal in the timescale of the Granada bid. The final date for acceptance of the Granada offer, which values LWT at about £670m ($991.6m), is February 4.

US West lands Russian contract, Page 3

Austria	Sch32	Greece	Dr350	Lux.	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr18		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30		
Finland	FM14	Jordan	JD1.50	Philippines	Pso60	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils625	Poland	Zl32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000	UAE	Dh12.00

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Paris demonstration celebrates education bill victory

March backs state schools

By David Buchan in Paris

In France's biggest demonstration for eight years, an estimated 250,000-500,000 people yesterday marched through central Paris to show their support for state lay education.

The march had been planned as a protest against the Balladur government's month-old bill allowing local authorities to increase funding to private, mainly Catholic schools.

On Thursday, however, the constitutional court struck down the bill, arguing that inequalities in its implementation would breach the parity required under the constitution between public and private education.

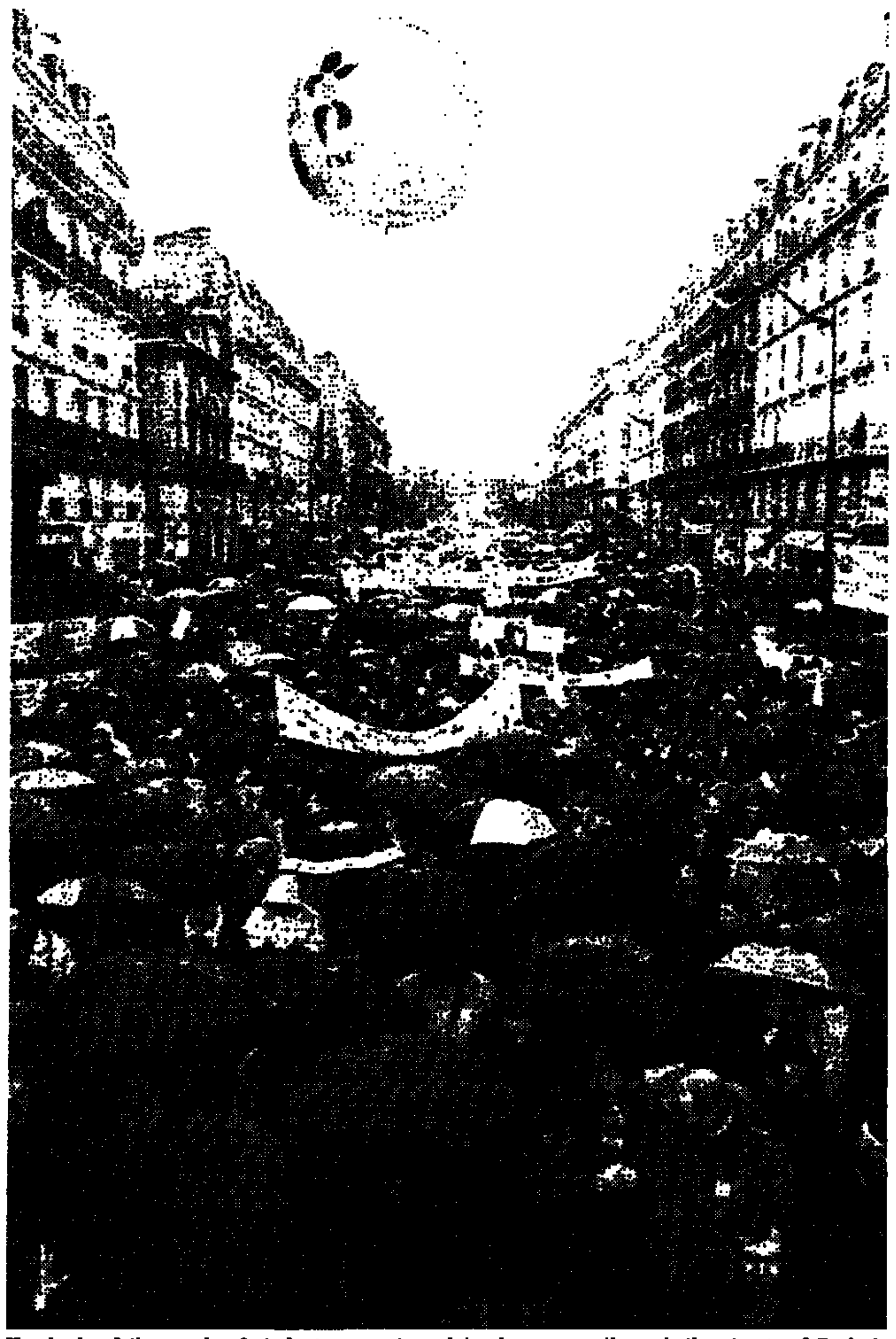
But yesterday's march still went ahead, though more in the nature of joyful victory parade than an angry protest, and it drew even more people than expected by its organisers, who were lay education bodies, teachers and other trades unions and the Socialist and Communist parties.

Marchers waved laurel branches, symbol of France's secular republic, brandishing some anti-clerical placards and shouting some anti-Balladur slogans.

After his biggest setback in nine months of power, the prime minister, Mr Edouard Balladur, has backed down, deciding not to try to get a revamped bill past the constitutional court's objections, while calling for a new dialogue with public education backers.

An opinion poll yesterday showed that the school financing defeat had not much affected Mr Balladur's own standing, but it had increased that of President François Mitterrand, who openly criticised the government.

The defeat also damaged the reputation of Mr François Bayrou, the education minister, who comes from the UDF coalition party. He was urged to resign by Mr Patrick Devedjan, a maverick member of Mr Balladur's own RPR Gaullist party.



Hundreds of thousands of students, parents and teachers move through the streets of Paris in yesterday's education demonstrations

Associated Press

Four big countries to make the most of two years leading EU

France, Germany, Spain and Italy are planning stronger presidencies, **David Buchan, Ian Davidson** and **David Marsh** write

France, in concert with its three big continental European partners, is seeking a stronger and more coherent leadership for the European Union during their successive presidencies in 1994-96, according to Mr Alain Lamassoure, France's European affairs minister.

The French initiative did not appear to be a bid to establish a big-country directorate of the EU, nor intended as a slight on the current Greek presidency, though it may be taken as such. Rather, Mr Lamassoure describes it as an attempt to exploit the "astral coincidence" that – starting with Germany this July, and continuing with France, Spain and Italy into the first half of 1996 – the rotating six-month presidency of the EU will be held by "four important countries of the Union which, in addition, share the same conception of Europe".

"We have proposed to the Germans, Spanish and Italians that we should prepare together a common timetable, an agenda over these two years," Mr Lamassoure said. This period was likely to see the EU admitting Nordic countries and Austria, preparing its 1996 constitutional revision and hosting its conference on European stability as well as dealing with key neighbours to the east and south and pursuing economic and monetary convergence.

The joint consultation, evidently still at a very early stage, "has been accepted by the Germans and Spanish... though we are still waiting for Italy to have a durable and stable government", he said. But the initiative meshes with what Mr Lamassoure described as France's growing preoccupation with the lack of any proper structure to "prepare, propose and execute" the EU's common foreign and security policy prescribed by the Maastricht treaty.

"We have 12 [foreign] ministers, but no ministry" to implement their EU decisions, he said. "The problem is one of management." But France was not prepared to see the foreign policy management role filled primarily by the European Commission – despite the effort by Mr Hans van den Broek, political affairs commissioner, to set up a Brussels policy unit – or by the Council of Ministers secretariat. This would take sensitive foreign policy matters too much out of ministers' hands, Mr Lamassoure said.

The minister claimed that Britain, with its similar tradition of diplomatic activism, "is as preoccupied as we are" with the EU's lack of an efficient and acceptable foreign policy executive. Joint Franco-German initiatives were no more acceptable as standard practice than two of a government's ministers always hatching national policy, he said.

On general policy, Mr Lamassoure said: "There is no one to carry out analysis on behalf of the Twelve, to present proposals before the Council, and once a decision is taken, no one charged with its implementation."

The minister admitted the difficulty of implementing Maastricht's foreign policy as well as its internal justice, police and immigration policies could have been foreseen, "but it is only when one moves into action that one realises the true problems".

Mr Lamassoure insisted that "there could no European foreign and security policy without common defence". He underscored French hopes that Germany would soon find the political will and obtain the constitutional freedom to allow its forces to operate outside the Nato area. France is evidently concerned that the Europeans will not be able to exploit fully Nato's new willingness to let its assets be used on occasion for purely European operations – endorsed at last week's alliance summit – unless Bonn adopts a bolder attitude to defence.

He also went out of his way to stress Paris's common interest with London in "subsidiarity" – the repeal of unnecessary EU legislation in preference for national regulation. In reviewing some 70 EU measures last year, the French and UK governments were able to agree on a common list of 20 laws for scrapping. Indeed, "our approach to the single market is now closer to Britain than to Germany," he said.

But the Franco-German relationship remained the key to the overall success of the EU, said Mr Lamassoure. It had weathered last year's strains over Gatt, monetary policy and Bosnia – which was just as well, he said, because if France and Germany were to take different sides on issues, "there would be two Europes".

Two-speed Europe foreseen

By John Griffiths

France, Spain and Italy will join the UK in economic recovery this year but Germany will remain mired in recession, according to Oxford Economic Forecasting.

This picture of a two-speed Europe is painted in OEF's latest assessment of the prospects for the world economy.* It forecasts growth for the OECD states as a whole of 2.1 per cent this year, compared with 1 per cent in 1993, but stresses the uneven distribution of growth.

It predicts 3.2 per cent GDP increase for the US but warns that this probably represents a peak, with minor declines to follow up to 1996. Stagnation is also forecast for Japan, but with a resumption of growth of 2.4 per cent in 1995, accelerating to 3.2 per cent a year later.

The forecasts show the UK continuing to lead the Europeans out of recession, with growth of 2.7 per cent this year being broadly sustained through to the end of 1996.

However, it concludes that Italy and Spain are now set to benefit from increased competitiveness arising from devaluations against the D-Mark.

Thus after falling 1.4 per cent last year, Italy's GDP is forecast to grow 2.5 per cent this year and 3.6 per cent in 1995. Spain's economy, which shrank nearly 1 per cent last year, should enjoy a more subdued recovery this year.

GDP growth of 1.4 per cent is forecast this year for France but it will trail Italy and Spain to the end of 1996.

**World Economic Prospects: Winter 1993/4. Further details from Oxford Economic Forecasting, Abbey House, 121 St Aldates, Oxford OX1 1HB.*

Kohl party settles on presidency candidate

By Quentin Peel in Bonn

After one false start and months of confusion, Chancellor Helmut Kohl's Christian Democratic Union has agreed on a credible candidate to become German president after Mr Richard von Weizsäcker steps down this summer.

Mr Roman Herzog, who was nominated at a meeting of the party's national executive committee on Saturday, is president of the federal constitutional court in Karlsruhe, the highest legal authority, and a former CDU interior minister and education minister in Baden-Württemberg state.

He seems certain to receive the backing of the Bavaria-based Christian Social Union, the CDU's sister party, at a meeting today.

Mr Herzog, who is 59, will now face the former Social Democratic party (SPD) leader Mr Johannes Rau, the popular premier of the state of North Rhine-Westphalia, in the presidential election, which will be conducted by a 1,324-member electoral college in May. Professor Jens Reich, a founder of the New Forum democratic movement in east Germany, is the only easterner on the slate, as a non-party candidate.

Mr Herzog replaces Mr Steffen Heitmann, justice minister of the eastern state of Saxony, as the CDU candidate. The latter was Mr Kohl's favoured candidate, as an easterner who could help bridge divisions in a united Germany, but his conservative views and inexperience instead attracted criticism and widespread ridicule and he pulled out in November.

Mr Herzog, in contrast, has a wealth of both political and constitutional experience, as vice-president and then president of the constitutional court since 1983.

The outcome of the presidential election depends on the attitude of the Free Democratic party, the junior partner in Mr Kohl's Bonn coalition. The FDP has nominated its own candidate, Mrs Hildegard Hamm-Brücher, who is unlikely to withdraw before the third round of voting in the electoral college.

Unions angry at Fiat job cuts

By Robert Graham in Rome

Fiat, the Turin-based automotive group, faces serious labour unrest following a management decision to implement a 5 per cent cut in its workforce and lay off a further 10 per cent for up two years.

The stand-off between the management of Italy's largest private employer and the unions is expected to set the tone for industrial relations this year. Italy has been slower than its big international competitors in cutting jobs in the automotive, chemicals, defence and steel industries – which are most affected by recession and international overcapacity.

By the end of this week indefinite lay-off notices, lasting two years, will have gone out to 6,500 of the group's 95,000 workers, with more to follow. This is in addition to the 16,000 employees who will be temporarily laid-off this week in Fiat's Italian plants because of poor car sales.

At the weekend Fiat unions called an eight-hour staggered protest strike for tomorrow at all big Italian plants. On Wednesday workers at Arese, the big Alfa Romeo plant outside Milan, which is under threat, are due to strike. They should have the backing of the region's engineering unions.

In November Fiat announced plans for job cuts and lay-offs to help it sustain competitiveness and absorb the impact of recession. During subsequent meetings – initially with the unions, and then with the Ministry of Labour – Fiat has maintained a tough line.

The unions tried to persuade it to accept "solidarity contracts" – flexible working hours and a shorter working week as used by Volkswagen. Fiat insisted this was incompatible with the L40,000bn (£15.7bn) being invested until the end of the century on upgrading production and introducing new models.

The break came late on Friday evening when Fiat said time had run out and the plan had to be implemented immediately. Since 1980 Fiat has enjoyed good industrial relations and its workforce has frequently shown loyalty to the company.

Although reluctant to risk a confrontation, the group's financial position and car production overcapacity have forced the issue. Fiat's 1993 losses are likely to be L2,000bn and are largely attributed to poor car sales. With its Melfi plant fully operational this year, the group's Italian car capacity will be close to 2.4m units, against 1993 production of little more than 1.1m units.

The management's decision also appears to have been influenced by the imminent dissolution of parliament and difficulties of the government acting as a broker.

The main job cuts are at Fiat's Sevel plant near Naples, in the Turin area and at Arese. Of these, some 3,800 affect administrative staff.

Apart from trying to introduce "solidarity contracts", the unions fear Fiat still lacks a clear strategy and the two-year lay-offs will become permanent. They also fear that in 1996 the Arese plant, employing 9,000, will be closed.

Ahtisaari takes early lead in Finnish election

By Hugh Carnegy in Helsinki

Mr Martti Ahtisaari, a senior United Nations diplomat, established a clear lead in the early stages of counting last night in the first round of Finland's presidential election.

Results from postal votes which were cast between January 5 and 11 account for almost one third of the final total, some 1.3m out of 4.1m eligible voters.

The postal vote gave Mr Ahtisaari, a Social Democrat, around 27 per cent of the vote. In second place was Mr Paavo Väyrynen, the former foreign minister and a member of the Centre party, with about 20 per cent of the postal vote.

But commentators warned that later results could change the picture significantly, as the postal vote did not reflect a late surge in popularity for Mrs Elizabeth Rehn, the defence minister.

An exit poll by Finnish Radio gave Mrs Rehn, a member of Finland's small Swedish-speaking minority, 30 per cent of Sunday's vote, ahead of Mr Ahtisaari in second place with 24.5 per cent.

As the postal votes were counted during the evening, Mrs Rehn garnered increasing numbers of votes and moved into a strong second place. Earlier she had been neck and neck in third place with Mr Raimo Ilaskivi of the Conservative party.

If no candidate wins more than 50 per cent in the first round, the top two go forward to a run-off vote on February 6. Opinion polls have shown Mr Ahtisaari winning that contest comfortably over all candidates except Mrs Rehn.

Mr Ahtisaari, who led the successful United Nations operation to bring independence to Namibia, had been the firm favourite for months to win the presidency.

But Mrs Rehn, who is backed by the Swedish People's party and a strong supporter of Finland's EU membership bid, recorded a last-minute surge in the opinion polls.

With anxiety over political instability in neighbouring Russia, Mrs Rehn's emphasis on security and her experience as a popular defence minister pushed her support beyond the limits of the Swedish-speaking minority, which accounts for only 6 per cent of the population.

Whoever is elected will take over from President Mauno Koivisto, who steps down on March 1 after two six-year terms.

W European new car sales fall 15%

By Kevin Done, Motor Industry Correspondent

West European new car sales fell 15.2 per cent last year to an estimated 11.45m units, as carmakers suffered the steepest annual decline in Europe in the post-war period.

At least 2m fewer new cars were sold in west Europe in 1993 than a year earlier. Four of the big six volume carmakers – Volkswagen, Fiat, PSA Peugeot Citroën and Ford of Europe – suffered heavy losses.

Production has been cut drastically and carmakers have been forced to eliminate tens of thousands of jobs. The outlook for 1994 remains depressed, with demand forecast to grow only 1-2 per cent.

New car sales fell last year in 15 of 17 European markets with demand rising only in the UK and, marginally, in Norway.

Four of the leading volume markets suffered heavy declines with sales dropping an estimated 19 per cent in Germany, 20 per cent in Italy, 18 per cent in France and 24 per cent in Spain.

The steepest fall was suffered in the small Greek market with an estimated year-on-year decline of 28 per cent.

The only significant growth was achieved in the UK, where sales rose 11.6 per cent, as the market began to recover decisively from three years of deep recession. UK new car sales, however, remain well below the 1989 peak of 2.3m.

In December new car sales in west Europe fell 20.4 per cent year-on-year to 775,000 units, according to industry estimates. The decline was exaggerated, however, by the high level of new car registrations the previous year, when sales were boosted by pending increases in car taxation at the beginning of 1993 in several countries. In addition, manufacturers were disposing of cars not equipped with catalytic converters, which became mandatory at the start of last year to meet tougher exhaust emissions standards in the European Union.

New car sales in December were sharply lower year-on-year in all five leading volume markets, with declines of 31.3 per cent in France, 21.8 per cent in Germany, 19.8 per cent in Spain, 10.7 per cent in Italy and 7.7 per cent in the UK.

There were signs of recovery in some of the smaller markets, however, particularly in the Nordic region, and sales in December were higher than a year earlier in seven of 17 west European markets.

The Volkswagen group of Germany and the Fiat group of Italy, which both ended the year deep in loss, suffered the steepest sales declines last year, while General Motors (Opel/Vauxhall) and Ford both gained market share.

The VW group – including Audi, Seat and Skoda – remained the market leader in west Europe for the ninth year running, but it was hit by an estimated 20.1 per cent fall in sales volume in west Europe, where it sold about 320,000 fewer cars than a year earlier.

Fiat, which includes Lancia and Alfa Romeo, was hit by a 21 per cent fall in sales to 1.27m units, as its market share contracted to 11.1 per cent.

Rover, the vehicles subsidiary of British Aerospace, achieved the strongest performance among European carmakers. It increased sales by 9 per cent in a market that declined by 15 per cent and raised market share to 3.2 per cent, from 2.5 per cent a year earlier.

Japanese carmakers increased their market share to an estimated 12.1 per cent from 11.8 per cent a year earlier, increasing trade tensions between Tokyo and Brussels. However, the fortunes of the different manufacturers varied widely.

Nissan, Toyota, and Honda, which are producing vehicles in Europe, all out-performed the market and offset reductions in export quotas from Japan with higher local output. Mazda, the only leading Japanese carmaker without firm plans for European production, suffered a 28 per cent fall in sales volume.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-December 1993

	Volume (Units)	Volume Change(%)	Share (%) Jan-Dec 93	Share (%) Jan-Dec 92
TOTAL MARKET	11,449,000	−15.2	100.0	100.0
MANUFACTURERS:				
Volkswagen group	1,888,000	−20.1	16.5	17.5
– Volkswagen	1,245,000	−20.5	10.9	11.6
– Audi	318,000	−23.2	2.8	3.1
– Seat	273,000	−17.4	2.4	2.4
– Skoda*	51,000	−0.1	0.4	0.4
General Motors#	1,493,000	−11.4	13.0	12.5
– Opel/Vauxhall	1,436,000	−11.0	12.5	12.0
– Saab**	42,000	−18.1	0.4	0.4
PSA Peugeot Citroën	1,402,000	−14.7	12.2	12.2
– Peugeot	848,000	−14.9	7.4	7.4
– Citroën	554,000	−14.3	4.8	4.8
Ford#	1,315,000	−13.4	11.5	11.3
– Ford Europe	1,304,000	−13.5	11.4	11.2
– Jaguar	11,000	+1.2	0.1	0.1
Fiat group##	1,272,000	−20.6	11.1	11.9
– Fiat	955,000	−19.9	8.3	8.8
– Lancia	179,000	−22.4	1.6	1.7
– Alfa Romeo	125,000	−24.7	1.1	1.2
Renault ††	1,201,000	−16.2	10.5	10.6
Nissan	397,000	−9.5	3.5	3.2
BMW	370,000	−16.4	3.2	3.3
Rover†	361,000	+8.9	3.2	2.5
Mercedes-Benz	354,000	−13.5	3.1	3.0
Toyota	318,000	−5.8	2.8	2.5
Mazda	194,000	−28.0	1.7	2.0
Volvo ††	171,000	−14.7	1.5	1.5
Honda†	162,000	−7.8	1.4	1.3
Mitsubishi	140,000	−13.1	1.2	1.2
Total Japanese	1,388,000	−12.9	12.1	11.8
MARKETS:				
Germany	3,192,000	−18.8	27.9	29.1
Italy	1,890,000	−20.4	16.5	17.6
United Kingdom	1,778,000	+11.6	15.5	11.8
France	1,721,000	−18.3	15.0	15.6
Spain	744,000	−24.1	6.5	7.3

*VW holds 31 per cent and management control of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
††Renault and Volvo are linked through minority cross-shareholdings.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
†Honda holds a 20 per cent stake in Rover vehicle operations.

Source : Industry estimates

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Gaidar passes the poisoned chalice

John Lloyd on the impact of the decision by Russia's deputy leader

Mr Yegor Gaidar's departure from the future Russian cabinet even before he had been officially asked to join it casts a cloud over the pace of economic reform and leaves a question mark over the political direction and composition of the government.

Mr Gaidar, first deputy prime minister, said he could not remain where he had too little effect on policy, and where key decisions had been made without his participation or knowledge. He instanced a draft agreement to reunify the economies of Russia and Belarus, and the spending of $500m (£337.8m) on a new parliament building, 10 times more than is spent to subsidise Russian culture in a year.)

He also said: "I cannot be at one and the same time in the government and in opposition to it." This is a reflection of the pressure put on him by his colleagues in Russia's Choice, the liberal-conservative party which he heads and which is the largest in the state Duma (lower house). In a meeting of the leadership a week ago it was suggested the party should no longer take responsibility for government decisions with which it disagreed and which, many of Mr Gaidar's colleagues think, helped achieve such modest results in the December elections.

Leading members of the party had also expressed their reservations about Mr Gaidar continuing to lead it: Mr Andrei Makarov, the prominent lawyer, said last Thursday that Mr Gaidar should resign from his party post in favour of Mr Gennady Burbulis, the former aide to President Boris Yeltsin.

Another resignation announced yesterday was that of Mrs Ella Pamfilova, social security minister and also a member of Russia's Choice. The only woman in government, she is a prominent liberal but not a cabinet heavyweight.

Mr Boris Fyodorov, the deputy minister for finance, said yesterday he would wait until today or tomorrow before deciding on his future. He repeated he would not serve in government if Mr Viktor Gerashchenko remained chairman of the central bank and said that he, too, was deeply concerned that the agreement with Belarus – "an agreement which effectively means the union of two countries" – had been agreed in draft without reference either to the cabinet or parliament.

However, his position is a complex one. He is, as he firmly said, "not a member of Gaidar's team" (and is not close to him). He believes he may be able to get fundamental changes to the Belarus agreement which would make it acceptable; and he has yet to talk to Prime Minister Viktor Chernomyrdin on whether he is to be given a place in the government.

Yegor Gaidar: key decisions made without participation

Grigory Yavlinsky: wooed

Boris Fyodorov: waiting

One western economist in Moscow said yesterday that "he could be Chernomyrdin's last alibi for the west that reforms are continuing," and it might be made attractive for him to continue.

Mr Anatoly Chubais, the deputy premier for privatisation, is the only member of the present government to have been confirmed in the next government. He has said nothing publicly, but is reported to be prepared to stay at least until spring, in the hope of advancing his privatisation programme. Mr Gaidar said he should stay if he could – and added the same for Mr Andrei Kozyrev, the foreign minister and Russia's Choice member.

The man mentioned openly yesterday as a replacement for Mr Gaidar is Mr Grigory Yavlinsky, the prominent reform economist and leader of the Yabloko group in the state Duma. Mr Gaidar said that, in conversation with Mr Chernomyrdin, the latter had raised Mr Yavlinsky as a possible replacement.

Mr Yavlinsky has already been wooed by the president's team, with offers of ministerial posts and committee chairmanships for him and his party colleagues – all of which have been refused.

A first deputy premiership is, however, on a different plane and may be harder to refuse. On the other hand, taking responsibility for an economy still in crisis may be a poisoned chalice he, too, would prefer to pass.

According to the Interfax news agency citing "informed sources", Mr Chernomyrdin has already decided that Mr Oleg Soskovets will continue to be a first deputy premier with an industrial brief; that Mr Alexander Zaveryukha will retain his responsibilities for agriculture as a deputy premier; and that Mr Yuri Yarov, presently a deputy premier with diverse responsibilities, will retain the title in charge of labour, employment, education, science and other issues. If he retains these three relatively centrist and even conservative men, only the post of deputy for the economy remains open to a reformer.

The implications for reform are not clear.

Western economic observers do not believe that all is completely lost. "The peaks are never as high and the lows as low as is often thought in the west," said one observer. "It seems radical reform is out now, and I wouldn't be surprised by wage and price controls, more protectionism, attempts to create large industrial amalgamations, directed credits and so on. But reform is a generation long here. This might prolong the process of getting there for a year or so".

However, another said "this could bring a lot of danger, if all the reformers leave now or soon. It could mean a reassertion of a strategy of control which would not work and which would be highly inflationary – and that could seriously destabilise politics".

Nationalist issues key to Crimea election

Ukraine's Crimean peninsula yesterday held presidential elections, which were dominated by issues of nationalism. Reuter reports from Simferopol.

All but one of six candidates in the region, an autonomous republic within Ukraine, favour Crimea joining Russia or declaring independence.

Ethnic Russians make up about 70 per cent of the 2.5m residents in Crimea, where a lengthy election campaign has been punctuated by three murders and allegations of dirty tricks.

Officials in Kiev, the Ukrainian capital, pinned their hopes on victory for Mr Nikolai Bagrov, head of the regional parliament and the sole candidate calling for Crimea to expand its powers and remain in a federal Ukraine.

The last opinion poll gave Mr Bagrov 23 per cent of the vote, although his supporters hope he will pick up late support from people fearing chaos were a nationalist to win.

Communist leader Yuri Meshkov also commands 23 per cent of the vote. He says Crimea will only prosper if it rejoins Russia.

West puts faith in central bank

By Leyla Boulton in Moscow

Western banks are relying on the Russian central bank to use its discretionary powers to spare them the worst effects of a presidential decree reversing the terms of their licences.

Braving uncertainty over the rights of western banks in the wake of the decree, Citibank on Friday became the first to open a subsidiary in Moscow. Mr William Rhodes, Citicorp vice-chairman, said the bank planned to ask the central bank to endorse its decision.

"If there are any doubts, we will check with the central bank," he said, confirming that this would include seeking direct permission for operations curtailed by the decree.

By the end of this year Citibank plans to open another subsidiary in St Petersburg, the country's second city which has ambitions of taking over from Moscow as the Russian banking capital.

The presidential decree, issued ahead of last month's parliamentary poll to appease Russian bankers who fear foreign competition, said that banks which had received full banking licences but which were more than 50 per cent western-owned, could not begin to serve Russian residents until January 1996. This, in theory, restricts them to offshore banking functions – such as those set out in the more limited licence granted to Bank Austria's Moscow branch.

Last year the central bank gave full banking licences to a dozen western banks in its bid to attract investment and to improve the performance of its own banks by exposing them to competition and know-how.

Dr Michael Franz, head of Bank Austria in Moscow, the first western branch in the Russian capital, vouches for the central bank's ability to assist western banks. He says the central bank has already used discretionary powers to allow him to undertake operations not set out in his original licence. He has, for example, been granted permission to take deposits from joint ventures, and recent central bank regulations allowing non-residents to open rouble bank accounts allow him to conduct operations in roubles, despite stipulations of his licence.

Baby Bell sets up telecoms venture

By Andrew Adonis

US West, one of the US "Baby Bell" telephone companies, has established a joint venture to channel up to $500m (£337.8m) into upgrading Russia's telecommunications.

The Russian Telecommunications Development Corporation brings together US West's existing Russian assets, totalling $110m, $40m of equity commitments from financial investors, and $85m in debt and quasi-equity funding from the Overseas Private Investment Corporation, a US government agency.

The funds, boosted by borrowing and receipts from existing US West investments, will be used to fund network modernisation and mobile communications projects in Russia.

AT&T, the US long-distance operator, has Russian investments but US West is the only one of the seven US "Baby Bells" making a significant commitment to Russia.

Its Russian operations include mobile services in St Petersburg and Moscow, and a 50 per cent stake in a company operating three international gateway telephone switches.

Analysts estimate it will take $80bn-$120bn to bring Russia's telecoms network up to the level of Spain, which is itself far behind the most advanced western nations.

According to CIT Research, a London-based consultancy, Russia has about 15 lines per 100 people, less than the Baltic states but significantly more than Poland and Hungary. Spain has about 35 lines per 100 people.

US West's investment priorities are the "50:50 project" for modernising Russia's trunk telecommunications network, and an expansion in its number of cellular licences. It currently has eight licences, and has applied for a stake in 15 of the 60 likely to be awarded next month.

Seven investors are providing the extra $40m of initial equity investment – Baring International Investment, Capital Research International, Emerging Markets Investors, GT Capital, Invesco CEAM, Montgomery Asset Management, and Morgan Stanley Asset Management.

Greece abandons pledge on staffing

Greece's Socialist government has unveiled legislation which is likely to create 30,000 permanent civil service posts, writes Kerin Hope in Athens.

The draft law, to be presented to parliament later this month, appears to signal the Socialists' abandonment of an earlier commitment to the European Union to cut public sector staffing levels.

Permanent jobs for public sector workers employed on contract for at least six years would swell the civil service by about 8 per cent and further burden this year's budget.

The Socialist government assured the European Commission earlier this month that Greece would renew efforts to cut its borrowing requirement, estimated at 13.9 per cent of gross domestic product in 1993.

The former conservative government's pledge to cut thousands of public sector jobs under a structural reform programme agreed with the EU was dropped last summer.

The public sector wage bill soared after the conservatives granted extra pay rises and made more than 20,000 patronage appointments.

Electoral reform hanging in the balance

William Dawkins assesses the chances of Japan's premier in an upper house parliamentary vote

Mr Morihiro Hosokawa, Japanese prime minister, faces a daunting task this week as he struggles to overcome last-minute obstacles to parliamentary agreement on plans to reform Japan's discredited political and electoral system.

The outcome of the upper house vote hangs in the balance, a new experience for Japanese politicians, used to precooking important decisions well in advance. "I can't tell what will happen until the very end," Mr Hosokawa said on Friday.

Political observers think the seven-party coalition will probably win by a narrow margin, accelerating the upheaval in national politics which began with the collapse last summer of the Liberal Democratic party government. But Mr Hosokawa will have to work overtime to garner the votes needed.

The coalition was aiming for a plenary session vote on Wednesday, the final stage before the four bills become law. But procedural delays and splits in its own camp have now forced the coalition tentatively to aim for a vote in the upper house political reform committee at mid-week, paving the way for a plenary vote by Friday.

Mr Hosokawa's fortunes have fluctuated almost by the hour during a hectic past week of political activity. If Mr Hosokawa fails to get agreement by January 29, the end of the parliamentary session, he is likely to resign and call a snap general election.

Urgent plans to stimulate the economy are stalled as a helpless finance ministry waits on the sidelines for parliament to complete its unpredictable business.

This makes a bewildering change from the days of the LDP, when important decisions were prepared in an orderly manner, by committee, and parliament tended not to produce late problems, lamented one official.

The lower house passed the political reform bills by a bigger than expected margin two months ago, indicating that all was clear for an accord in the upper house, the final hurdle. In theory, the coalition can count on 131 upper house votes, five more than the 126 needed for a simple majority in the 151-seat chamber.

But the voting arithmetic is complicated by the growing number of dissidents on both sides of the house. The coalition's upper house majority is half the size of that in the lower house, making it all the more vulnerable to defections.

On the government side, the unity of the Social Democratic party, the largest coalition member, is shaky, despite a pledge of loyalty to the coalition from the socialists' convention last week.

Coalition officials believe five or more socialists might cross the floor and vote against the government, driven by fears that their party will do even worse under the new electoral system – a mixture of single-seat constituencies and proportional representation – than under the present, multi-seat constituency system. Senior coalition officials are working hard to try to pull the potential socialist rebels and undecided independents into line.

Until recently, Mr Hosokawa thought he could count on the support of a little known upper house group, the Niin Club, five populist members led by a professional comedian, Mr Yukio Aoshima.

That was until late last week, when Mr Aoshima indicated that the club might side with the opposition, through annoyance at the way in which the government was trying to steamroller reform through parliament.

Yet the opposition LDP is also divided. LDP members have been instructed to vote against the bills, reflecting older politicians' fears that reform spells the end of their comfortable careers.

But the LDP gave its leaders clearance on Friday to negotiate a compromise with Mr Hosokawa, so the opposition could change its mind at the last minute. To achieve this, Mr Hosokawa would have to offer compromises that might offend the Socialists, so the chances are slight.

Even if the LDP does oppose the bills, as it did in the lower house, there will be defections. An estimated nine LDP upper house members are said to be ready to vote for the reform bills, which would nearly make up for the socialist defections and the unexpected opposition from the Niin Club.

When asked to guess the outcome on instinct, political observers point out that the LDP does not want to damage its already weak popularity by being seen to destroy political reform, for which Mr Hosokawa has a strong public mandate.

The LDP's finances are in no shape to fight a quick election. On top of this, the socialists are keen to retain their first experience of power for 45 years, if only because recent polls indicate they would fare badly in an election.

A JAPANESE CLIFFHANGER

Predicted vote in 251-seat upper house (number who could vote against own party)

PRO-REFORM		ANTI-REFORM	
Government parties		**Opposition parties**	
Social Democratic	73 (5-15)	Liberal Democratic	99 (3-9)
Clean Government	24	Japan Communist	11
Japan New,		Niin Club	5
Japan Renewal,			
Democratic Reform	23		
Democratic Socialist	11 (3)		
Total coalition	131 (8-18)		
Independents	5 (2)		
Total	136 (10-20)	**Total**	115 (3-9)

Source: Yomiuri Shimbun

Sheikh on trial in Kuwait

Sheikh Ali Khalifa al-Sabah, former Kuwaiti finance minister, is among five people due to stand trial tomorrow on charges of embezzling public funds, the official Kuwait News Agency said yesterday, Reuter reports from Kuwait.

"The criminal court will look into the case of five persons, three of whom are Kuwaitis, against whom the general prosecution had filed charges of embezzling funds of the Kuwait Oil Tanker Company (KOTC)," the agency said.

The report was the first time Sheikh Ali, who is a member of the ruling Sabah family, had been named by an official body in connection with the case. The agency named the other four as Nasim Mohsen, a Jordanian, former financial manager of KOTC, Hasan Qabazard, former deputy KOTC chairman for financial affairs, Mr Tim Stafford, a Briton, and Abdulfatah al-Badr, the company's former chairman.

Mr Qabazard has been in detention in Kuwait since January last year. Sheikh Ali is currently in Kuwait. The other three defendants are abroad. Sheikh Ali was oil and finance minister from 1983 to 1985, oil minister from 1985 to June 1990, and finance minister from June 1990 to April 1991.

A KOTC official has said the company's total losses from fraud may amount to $200m. A judicial official has said the case alleged fraud involving about $100m. KOTC is a subsidiary of state oil conglomerate Kuwait Petroleum Corporation, which the oil minister chairs.

Turkmen leader wins support

The government of former-Soviet Turkmenistan has said that voters in the Central Asian republic, by endorsing the leadership of Mr Sapurmurat Niyazov, have granted the president a 10-year term of office, reports *Steve LeVine in Istanbul.*

The result of a referendum on Saturday, whose 99.9 per cent margin was predicted because of Mr Niyazov's tight grip on power, probably reflects broad support for his plans to convert Turkmenistan's natural gas into higher living standards for the country's 4m people.

Turkmenistan, like neighbouring ex-Soviet republics of Azerbaijan and Kazakhstan, sits on big reserves of largely untapped oil and natural gas and oil.

Ford in sales call to Toyota

Toyota, Japan's largest carmaker, has been asked by Ford to sell the US car group's vehicles in Japan, writes **William Dawkins in Tokyo.** Mr Shigeji Tsuji, Toyota's managing director, said that Ford's Japanese unit had approached Toyota and opened talks with Toyota sales affiliates in the Tokyo area. Toyota's decision last year to sell 20,000 General Motors cars annually through its Japanese dealerships, from 1996, marked an important stage in the car industry's attempts to defuse US criticism that Japan was closed to imports.

Jordanian death sentences

Three Moslem fundamentalists in Jordan have been sentenced to death for plotting to assassinate King Hussein at a university ceremony last June, writes **James Whittington in Amman.**

All are members of the banned Islamic Liberation party which seeks to establish an Islamic state in Jordan. Two of the men were sentenced in absentia while seven others were given 15 years' hard labour.The sentences will now, for the first time, be reviewed by the Court of Appeal. Previously only King Hussein could commute military sentences.

Singapore eyes Asian economies

Mr Lee Kuan Yew, Singapore's senior minister, has said the country is ready to invest up to 35 per cent of its reserves in Asia's fast-growing economies over the next 10-15 years, writes **Kieran Cooke in Kuala Lumpur.**

Manila under IMF scrutiny

Philippine economic policy will be scrutinised this week during the course of government negotiations with the IMF on a new financing programme, writes **José Galang in Manila.**

Mr Ernest Leung, finance secretary, said at the weekend the policy discussions would evaluate whether existing laws could help government attain economic growth targets.

Everglades clean-up intensified

By George Graham in Washington

The US administration is renewing its efforts to make sugar producers help to restore the Everglades, the spectacular swamp at the southern tip of Florida.

The Interior Department last week won the agreement of Flo-Sun Inc, one of the biggest sugar producers, to a clean-up plan that could cost it $70m-$100m (£47m-£70m) over the next 20 years, reviving a more extensive agreement in principle reached with the sugar industry last summer.

That deal broke down last month amid disputes between environmentalists and sugar growers over details.

But Mr Bruce Babbitt, interior secretary, said the Everglades were a test case for US ability to restore an ecosystem. He promised to press for a comprehensive agreement.

Much of the surviving Everglades, one of the world's largest wetlands with abundant bird and plant life, is protected in a national park but the fragile ecosystem depends on a steady flow of fresh water.

Drainage and civil engineering have created acres of farmland, mainly devoted to sugarcane, to the north of the park. This cuts the flow of water into the Everglades, raises salinity, and pollutes the flow with fertilisers which have nourished algae and exotic plants, choking native species.

With Flo-Sun now accepting a deal, federal and state government pressure on US Sugar, *the other big grower*, will increase.

Salinas seeks sweeping amnesty for guerrillas

By Damian Fraser in Mexico City

President Carlos Salinas of Mexico yesterday called for a special session of Congress to give an amnesty to rebel guerrillas who seized several towns in the southern state of Chiapas on New Year's Day.

The amnesty will be extended to all participants in the uprising, and will cover their illegal acts between January 1 and yesterday.

The president said that there would now be no reason for rebels to remain away from their villages; they could carry on with their lives peacefully.

Mr Salinas said he would soon propose an integrated plan for justice in Chiapas.

The decision followed criticism at home and abroad of the government's repression of the rebellion, and widespread sympathy for the plight of indigenous people in the jungles of Chiapas.

A government official said the amnesty would create better conditions for peaceful solution to the conflict, adding that Congress would be convened today and that the necessary law would be passed as soon as possible.

On Thursday, Mr Salinas had announced a unilateral ceasefire in the conflict. He then said he would pardon rebels who had acted out of desperation or were pressed into the insurrection. The new amnesty, however, will apply to all participants. It seems to be unconditional.

In a further sign of the government's more conciliatory approach to the conflict in Chiapas, Mr Manuel Camacho Solís, government commissioner for peace in the region, has accepted Bishop Samuel Ruiz of San Cristóbal de Las Casas as mediator with the guerrilla movement. At first, the government had indirectly attacked followers of the radical bishop for sympathising with the rebels.

Newspaper columnists generally close to Mr Camacho, a former mayor of Mexico City and foreign minister, yesterday sought to play down reports that he would use his new position to challenge Mr Luis Donaldo Colosio, candidate of Mexico's ruling party to succeed Mr Salinas as president via an election this year.

Mr Camacho was Mr Colosio's rival for the party's nomination. The former represents the newly ascendant conciliatory wing in the government.

Peace overture in S Africa

By Patti Waldmeir in Johannesburg

South Africa's radical black Pan-Africanist Congress, blamed by police for numerous attacks against whites in recent months, said yesterday it was suspending its armed struggle and had begun telling guerrillas to disarm.

"We announce a unilateral moratorium on the armed struggle," PAC president Clarence Makwetu said. This was welcomed by Mr Hernus Kriel, law and order minister

But it is unclear whether the suspension will lead to a substantial drop in attacks against whites. Leaders of the movement's armed wing, the Azanian People's Liberation Army, have been carrying out such attacks without seeking approval from, or even informing, PAC political leaders.

The new move seemed to pave the way for PAC participation in the election on April 27. Mr Makwethu said the aim was to show the PAC's "commitment to peace, which is essential to ensure free and fair elections".

An opinion poll in the Johannesburg *Sunday Times* yesterday showed PAC support at a negligible 1.7 per cent – below the threshold required to gain a seat in parliament.

The poll also showed the African National Congress would win nearly two-thirds of the vote if elections were held now, the second poll in a week to predict such a large ANC victory. The ANC, with a two-thirds majority in parliament, would be able to amend clauses of the new constitution without support from any other party.

The ruling National party had 15.8 per cent in the Sunday *Times poll and the Inkatha* Freedom party 5.2 per cent.

INTERNATIONAL PRESS REVIEW

RUSSIA

Russia's press, which is at least half-free, thought the Russian-US summit less than overwhelming. It was respectful – even the opposition press was not as rude as it might be in the west – but it did not profess to *having its socks knocked off.*

Even **Izvestiya**, the most loyal to President Boris Yeltsin, headlined its Saturday report on the two-day visit "Yeltsin and Clinton basically happy – but there are problems". Among them was the readiness, or not, of the Ukrainian parliament to ratify its government's promises. On past experience, said Izvestiya, "we mustn't think that this matter is fully decided."

Nezavisimaya Gazeta (The Independent) was characteristically sharper. Tt said that there was "nothing special" *about the meeting* and that "the expression of support for the reform course which Boris Yeltsin was adopting sounded the same as the noises Boris Yeltsin was himself making about reforms". The resignation yesterday of Mr Yegor Gaidar from a future cabinet put these "noises" in some perspective.

Sovyetskaya Rossiya, the nationalist-communist daily banned since the suppression of the last Russian parliament until last month, said sourly that "the first European journey [of the US president] from Brussels through Prague, Kiev, Moscow, Minsk and Geneva was in the first place to support and strengthen his international standing and in the second to demonstrate once more his support for Boris Yeltsin. The Russian president needs such help permanently."

Moskovski Komsomolets, the irreverent Moscow evening daily, concentrated on Friday on the price of Bill Clinton's suite in the Slavyanskaya Hotel – $185 (£124) a night, it said – against that paid by Michael Jackson last October in the Metropole ($1,500 a night). It also noted that, to avoid disturbance to his few hours of sleep, "the market around Kiev Station just outside of the hotel was temporarily closed". Did the president know his visit had suppressed market activity?

BELGIUM

Allegations that bribes were promised or paid to Belgium's francophone Socialist party in 1988, to influence the award of an army helicopter contract, have whipped the Belgian press into a froth of indignation and self-righteousness.

The trigger was the December request by Mrs *Véronique Ancia, the* investigating magistrate, that the parliamentary immunity of three ministers be lifted. But what really inflamed the debate was the leak 10 days ago of her detailed justification of why she wanted to question the trio. That allowed certain elements of the Flemish press to open up Belgium's old linguistic divide and rail against alleged corruption at the heart of the French-speaking political establishment in Wallonia.

Le Soir, the francophone daily, tried to put the debate into perspective on Saturday – the day after a parliamentary committee voted for a partial lifting of the immunity of two of the ministers. Certain Flemish leader-writers had "discredited the whole of the press" with their insinuations, said the paper. But it added that the three ministers, all of whom have denied any wrongdoing, should not have gone public with their own criticism of Mrs Ancia's report: "By doing so, they have adopted the same attitude for which they have criticised the press."

The lifting of the ministers' immunity was inevitable according to most newspapers, Flemish and francophone. Flanders' **Gazet van Antwerpen** said the public would have considered any other decision tantamount to "abandoning the political institutions to the mafia, making hypocrisy a noble virtue and everyday fraud the rule". **De Standaard**, the heavyweight Flemish daily, stressed in Saturday's editorial – headlined "To the very core" – that the investigation was only the start of what should be an in-depth examination of the financing of political parties and the award of military contracts.

A separate parliamentary *committee still has to decide* whether to lift the immunity of the third minister concerned in the affair, but **La Dernière Heure**, a popular francophone paper, summed up the current situation with its banner headline on Saturday: "Round one to Ancia".

IRELAND

The lifting last Wednesday of Ireland's broadcasting ban on Sinn Féin, the political wing of the IRA, has provoked a flurry of comment and analysis in the Irish newspapers.

"A very wrong decision," says an editorial and "A platform for murderers" shouts a headline in the **Irish Independent**, the flagship of a flotilla of newspapers controlled by the Irish millionaire Dr Tony O'Reilly. "Dublin and London are now out of step on a very important matter," the editorial says.

In a more apocalyptic vein in its opinion columns, Dr Conor Cruise O'Brien (who as communications minister in 1976 introduced the Sinn Féin broadcasting ban) writes: "There is a great opportunity here for the opposition. It is up to them to stop a rot that is beginning to affect the very foundations of our democratic state." Nonetheless, the same newspaper in a poll published on Saturday acknowledges that 64 per cent of the population agree with the decision to lift the ban and that 57 per cent do not believe that "they will be swayed in their views" by Sinn Féin interviews.

Most papers favour ending the ban. The **Sunday Business Post** says the ban came about in the early 1970s "in the face of British criticism and internal Fianna Fail feuding. . . the principle of free speech was sacrificed for internal Fianna Fail purposes".

Ireland's paper of record, the **Irish Times**, dedicated several pages to the issue and concluded that the ban "served in equal measure to frustrate broadcasters, embarrass the government and provide Sinn Féin with a sense of grievance bordering on *martyrdom. . . the time* for plain speaking and the putting of strong and straight questions [to Sinn Féin] has arrived".

Capturing that idea, a cartoon in the same paper portrays a radio interviewer asking Mr Gerry Adams, the Sinn Féin leader: "What has mass slaughter and economic mayhem and other aspects of IRA terrorism ever done to benefit the people of Ireland?" An awkward Mr Adams replies "No comment".

Reports from John Lloyd, Andrew Hill and Tim Coone

Caracas considers rescue for bank

By Joseph Mann in Caracas

A financial crisis at the second largest bank in Venezuela seems to be the latest manifestation of years of lax banking supervision that has contributed to past banking failures.

Banco Latino, reporting assets equivalent to $1.9bn (£1.27bn) at mid-year, was suspended from the national cheque clearing system by the central bank on Thursday. The Caracas-based bank, with branches throughout Venezuela, is expected to re-open – which it did not on Friday – but there was no official word on when.

The government, meeting yesterday with representatives of the largest Venezuelan banks, was considering solutions. These included direct government intervention (which could lead to a restructuring or liquidation), a government-backed recovery programme without intervention, sale of the bank or its closure and liquidation.

The outcome seen as most likely would be the government and the other big banks providing support so that Banco Latino might recover.

The bank's last published figures, in mid-1993, gave no indication of any financial trouble. It had total deposits of $1.56bn, of which 92 per cent were from the public. In the first half of 1993, the bank had total revenues of $382.4m and net earnings of $10.1m.

Banco Latino, founded in 1950, owns Banco Latino International in the US and a subsidiary in the Netherlands Antilles. It is the country's leading financial institution in passbook savings and trust fund management.

It grew rapidly during the second administration of President Carlos Andrés Pérez, who took office in 1989 but was ousted last year to face corruption charges.

The bank was controlled by Mr Pedro Tinoco, a wealthy businessmen and former finance minister who was a close friend and adviser of Mr Pérez. Mr Tinoco, who died last year, was central bank president from 1989-92. The largest stockholders are Mr Tinoco's estate, the Febres Cordero family, and the Cisneros industrial-commercial group which is controlled by two brothers.

The bank's board blames its predicament on outside forces, including a rumour campaign, an alleged failure by a government entity to pay a debt of $75m on time, and a local television station's news of the government decision to act on the bank. (The news was carried by other media.) The bank said that it lost more than $500m in deposits in recent months due to rumours. Small depositors, however, seem to have been unaware of the bank's problems until it was shut down last week.

The problems will not be fully explained clearly before an independent analysis of the books. In recent years of high real interest rates, though, the bank aggressively sought deposits from corporate clients and the general public, offering among the highest rates in the market.

Last year, Venezuela's economy contracted after three consecutive years of strong growth, thereby increasing bad debts and reducing income from loans and investments.

Savings deposits up to the equivalent of $9,345 are guaranteed by the Venezuelan government, although past banking collapses have entailed long delays before depositors were compensated.

After the government had intervened in three banks – Banco Nacional de Descuento (1978), Banco de los Trabajadores (1982) and Banco de Comércio (1985) – some clients and creditors never collected, and those responsible for the banks' failures for the most part went unpunished.

Mrs Ruth de Krivoy, central bank president, has worked hard to tighten the regulatory system since she took over in 1992, and a banking law to correct regulatory and other deficiencies took effect this month. This allows competition from foreign banks, sets strict capital requirements and provides regulators with power.

Critics of the Venezuelan banking system, including some bankers, say questionable practices have been common. The newspaper, El Diario de Caracas, outlined a few yesterday. They included connivance between bankers, investors and politicians, sloppy regulation and supervision of banks, [improper] lending to high bank officials, and betting the government will provide financial assistance.

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Tory press compounds Major's woes

By James Blitz

Mr John Major's political authority faces a fresh test today when he gives evidence to Lord Justice Scott's inquiry into whether the British government illegally sold arms to Iraq in the late 1980s.

Mr Major's appearance before the inquiry marks the first time that a serving prime minister has given evidence to a judge in public.

The session's political significance has been heightened even further by the scandals and party in-fighting which have shaken his leadership since Christmas, amid tensions between Downing Street and sections of the tabloid press, traditionally staunch Tory supporters.

Weekend newspaper reports that Mr Major had spoken derisively about some right-wing members of his cabinet at a Downing Street dinner party last week were the latest indication that the cabinet remains badly split over the theme of "back to basics" and how it impinges on issues of personal morality.

Mr Tony Newton, the leader of the House of Commons, claimed yesterday that reports in the Sun and the Daily Mail – which said that Mr Major had told guests he would happily dismiss any one of the Cabinet right-wingers – were untrue.

Sir Marcus Fox, the chairman of the influential Tory backbench 1922 committee, also claimed that the reports were part of a vendetta by the press against Mr Major.

"There are one or two people in Fleet Street and one or two newspaper owners who make no secret of the fact that they do not like this administration," he said.

These comments have served to underline the deteriorating relationship between the prime minister and some tabloid newspapers, such as the Sun and Daily Mail, that were among the Tory party's strongest supporters at the last election.

Employment Secretary Mr David Hunt yesterday accused some sections of the media of trying to reduce the back to basics campaign to the level of a "Whitehall farce".

Mr Hunt defended the record of both the government and the prime minister and said: "You get unsubstantiated allegations appearing in newspapers without any proof at all and then they will suddenly slip away and then [there are] further unsubstantiated allegations."

Mr Trevor Kavanagh, political editor of The Sun, said there was no doubt that at present The Sun supported the Conservative party, although there had been criticisms of certain aspects of the administration.

"The suggestion that there is any form of vendetta between us and the Conservative party is nonsense. We simply report the stories as they happen, and sadly for the Conservative party they happen all too often these days," he said.

As if to bear this out, the government still appears far from certain how to approach the more sensitive areas of its back to basics policy.

It was confirmed yesterday that Mr John Gummer, the Environment Secretary, had postponed publication of a blueprint on housing policy, fearing that its research into allegations of queue-jumping by single mothers did not stand up to scrutiny.

Plan to enforce investment watchdog body

By Roland Rudd and Alison Smith

The British government is drawing up plans to force life insurers to be regulated by the Personal Investment Authority, the new City watchdog due to come into being this year.

The decision of three leading companies to oppose plans for the authority, which is intended to act as the self-regulatory organisation for the entire retail financial sector, has infuriated ministers. They have interpreted the move as an attempt to destabilise the proposed regime.

Ministers are planning to close a loophole in existing legislation that life insurers could use to avoid being regulated by the PIA. They could opt to be directly regulated by the SIB, which would undermine the PIA's authority.

If companies opt to be regulated by SIB, the government is expected to ask SIB to subcontract the responsibility for regulation back to the PIA.

If the life insurers continue to refuse to acknowledge the PIA's authority, ministers are prepared to bring forward legislation forcing companies to be regulated by the appropriate self-regulatory body.

Creation of the PIA is central to proposals put forward by Mr Andrew Large, SIB's chairman, to improve regulation, which have been strongly backed by Mr Anthony Nelson, the economic secretary to the Treasury.

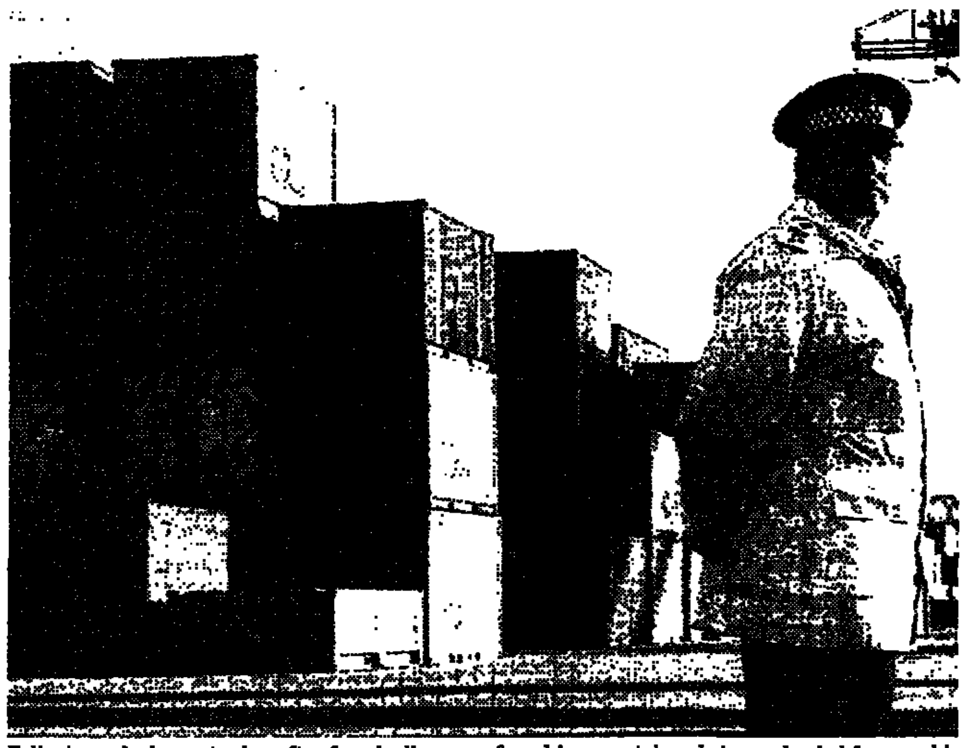
In a debate in the House of Commons last week, Mr Nelson warned that if the existing system failed to protect investors, "the House will have to look at it again. I do not have a closed mind".

The latest exchanges about future regulation of the sector have been sparked by a statement from Standard Life, one of the UK's largest life insurers.

It announced the withdrawal of its support from the plans for the PIA, on the basis that as only nine of the 19 directors would be active industry practitioners, the body would not be a truly self-regulatory organisation, and that statutory regulation was therefore preferable.

Standard Life's decision is understood to have caused particular anger within government.

According to a Whitehall official, ministers were surprised that Mr Norman Lessels, Standard Life's chairman, allowed his deputy managing director Mr Jim Stretton, to resign from the PIA. Mr Lessels is also on SIB's board.



Felixstowe docks yesterday after four bodies were found in a container being unloaded from a ship

Bodies found in cargo container

Four suspected stowaways were found dead on Saturday in a cargo container being unloaded from a ship docked at Felixstowe, in Suffolk.

The bodies were discovered when dockers heard a fifth man, locked inside the container with the bodies of his companions, hammering against the walls.

Police believe all five men, believed to be Romanians, were would-be illegal immigrants who hoped to smuggle themselves into either the UK or the United States. The container – which measured 40ft by 8ft by 8ft – was due to be unloaded and then forwarded on to Galveston, Texas.

The ship, the Patria, had sailed from Le Havre in northern France. The authorities have not yet revealed the ship's home port or its owners.

Venables deals face further scrutiny

By Bronwen Maddox

Further details have emerged of controversial business dealings by Mr Terry Venables, the former chief executive of Tottenham Hotspur, as the Football Association struggles to decide whether to make him England manager.

Panorama, the BBC current affairs programme, has obtained a document which sheds more light on the way Mr Venables raised money to take over the football club in 1991 with Mr Alan Sugar, the businessman. Doubts over the source of that finance have been a main reason for the FA's unease.

A decision on the England manager's post may not now be made this week, as expected.

The document supports an allegation Panorama made in September that Mr Venables signed away assets of Transatlantic Inns when he was no longer one of the company's directors.

Speaking publicly about the deal for the first time, Mr Colin Wright, a director of Transatlantic, said yesterday: "We were horrified when we discovered that all of the assets of Transatlantic had been used by Terry Venables to raise a £1m loan. None of the directors of the company had authorised such a transaction."

The assets, which were the fixtures and fittings of pubs managed by Transatlantic, were pledged to a leasing company in August 1991 and then leased back. The £1m raised by the deal went to Mr Venables' private company, and shortly afterwards he used the cash to pay for his stake in Tottenham Hotspur.

Venables, Page 13

Britain in brief

Optimism on prospects for steel industry

Productivity in the UK steel industry is more than 10 per cent higher than the European average, but steelmakers must continue improving their competitiveness, says a report today from the Confederation of British Industry.

The industry is performing as well as any in the world, and its success in improving competitiveness should be applauded, says Mr Duncan McKenzie, senior economist with the CBI's National Manufacturing Council.

New markets in the Asia Pacific region and China, the Indian sub-continent and Latin America meant the outlook for an increasingly efficient UK steel industry was positive.

Mr McKenzie said exports had risen from £992m in 1981 to £2.77bn in 1992, with the trade surplus rising from £412m to £1.76bn.

Lloyd's faces Jackson loss

Lloyd's of London, the insurance market, is facing a $20m claim arising from the cancellation of pop star Michael Jackson's world tour.

The claim is from the tour's promoters for loss of profits, but further substantial claims may come from Jackson himself – for loss of earnings – and from PepsiCo, the US soft drinks manufacturer which sponsored the tour. PepsiCo pulled out of the sponsorship deal, described as the largest of its kind, when Jackson cancelled the final leg of the tour last November.

Lloyd's could not confirm yesterday whether the Jackson and PepsiCo policies were with Lloyd's. Even if they were placed elsewhere, reinsurance could be with Lloyd's. It is not yet clear whether the claim will be accepted as valid – the reasons for the cancellation could cause problems with settlement.

MPs to probe dam contract

MPs will today investigate a deal signed by the British government in the late 1980s to spend £234m helping to build a 600MW hydro-electric power station on Malaysia's Pergau river, against the advice of civil servants.

The aid package was the largest amount ever spent by the British government on a single overseas development project. But last October, the National Audit Office issued a report saying that the "the economic viability of the project . . was marginal" and that it was "a very bad buy."

In particular, some MPs are concerned that the project might have been linked to a sale of military equipment to the Malaysian government, which would have been illegal under British law.

Salary concern over Railtrack

The UK Treasury has voiced its concern to Railtrack – which is to run the UK's rail infrastructure from April – over the salaries it is proposing to pay some of its directors.

The Treasury's interest in Railtrack's salaries was prompted by the company's proposal to take on a seconded civil servant from the Department of Transport, with reports that his salary could be more than £100,000 if he becomes a full time director.

The Treasury does not want to see a state-owned company "wasting tax payers money" by overpaying directors and believes it is important that Railtrack demonstrates its ability to keep costs low.

British Gas in pipeline plan

British Gas, the former state-owned gas company, is in negotiations to play a leading part in the construction of a 1,200 mile gas pipeline from Bolivia to Brazil.

The project is estimated to be worth a total of £2.8bn, including power generation and distribution. "We are looking to become one of the leading companies involved," British Gas said yesterday.

Work on the pipeline is expected to start in early 1995.

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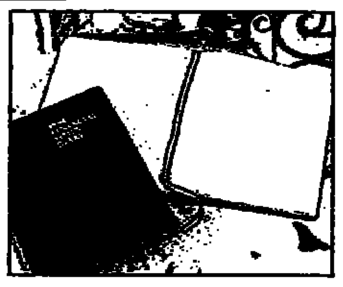

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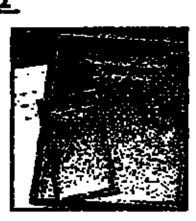

For those wanting the ultimate in quality and craftsmanship, there's the **FT Chairman's Set.** Comprising a matching desk and pocket diary, it is bound in rich brown leather with fine gold tooling on the cover and comes complete in its own presentation box.

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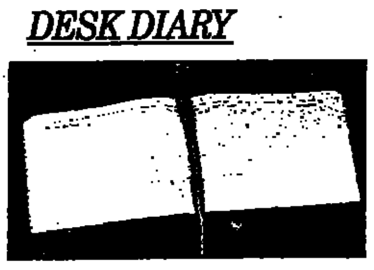

Produced in response to the demand for a smaller, more portable FT diary, the **FT Pink Desk Diary** with its FT-Pink pages is quite unique. Its distinctive size and shape make it equally at home on a desk or in a briefcase. Although compact, it contains a wealth of business information, and its innovative page a day layout allows ample space for each day's notes and business expenses. It is covered in black bonded leather.

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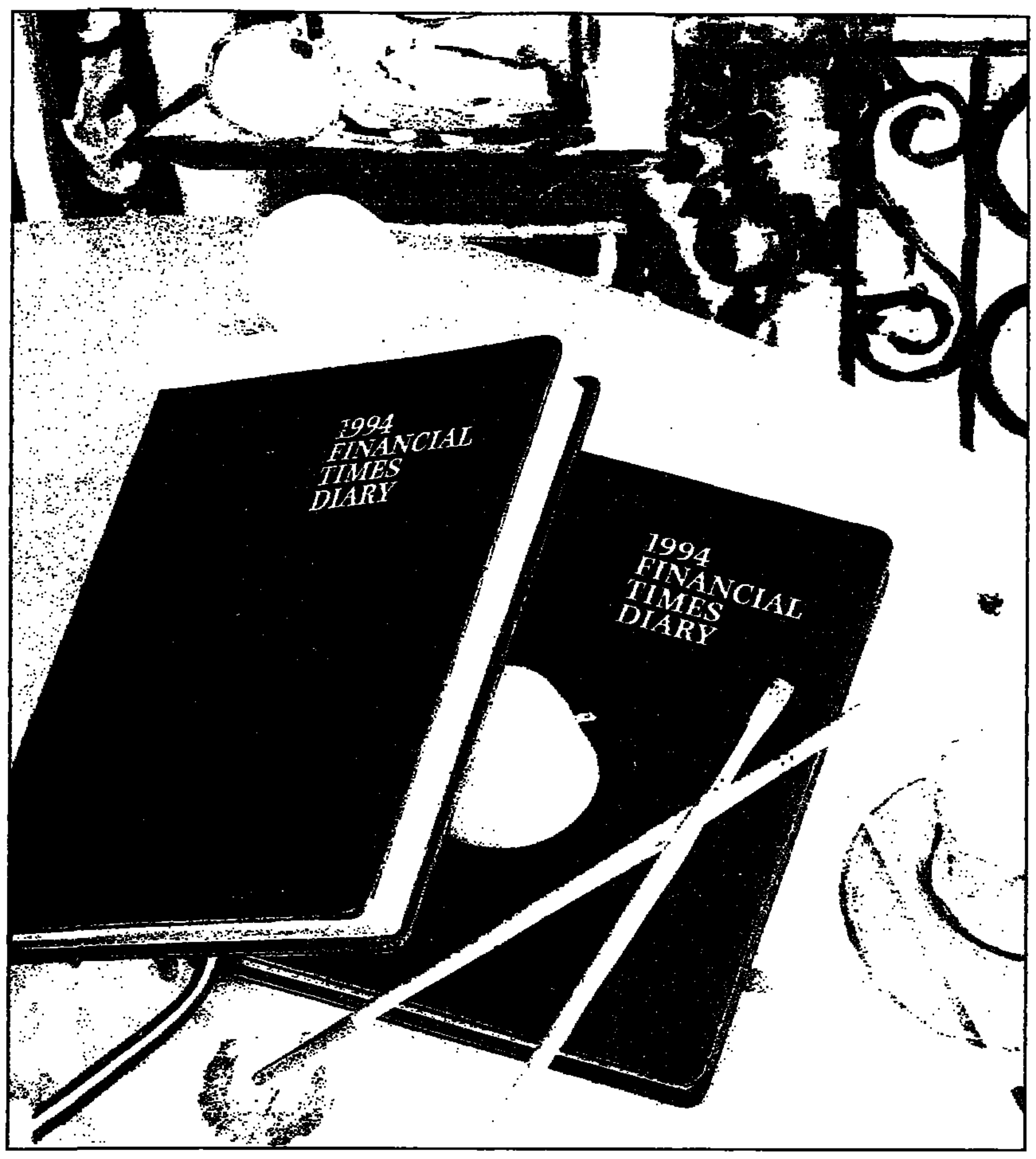
The FT Pocket Diary has a week to view diary section and contains 34 pages of business and travel information. It has white pages and is available in black leather, burgundy bonded leather and black leathercloth. It comes with a detachable Personal Telephone Directory which tucks inside the back cover of the diary.



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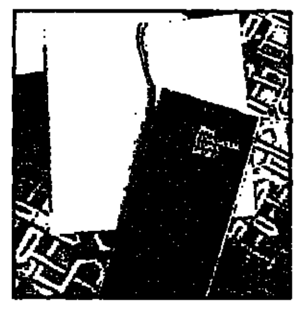

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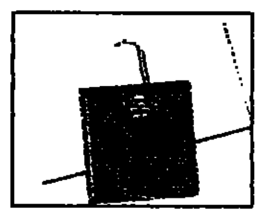

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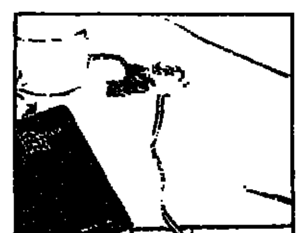

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MANAGEMENT

TIPS FROM THE TOP

Making local heroes international

Percy Barnevik, president and chief executive of ABB, offers advice on building multinational teams for a global company

Any multinational approach to management has to start from the top. Thus, ABB's supervisory board of eight includes four nationalities; and its eight-man executive committee is made up of German, Swedish, Swiss, American and Danish executives.

At group headquarters some 150 people represent more than 20 nationalities. The group's 50 global business area managers hail from countries such as Brazil, Canada, Denmark, Finland, Germany, Italy, Norway, Sweden, Switzerland, the UK and the US.

Every one of them in turn leads a team of local managers, each with responsibilities for day-to-day operations in a different country. For instance, a German based in Switzerland with global responsibility for a business area has among his team local managers in Italy, Germany, Sweden, the US, Norway, India, Saudi Arabia and the Czech Republic.

As business gets more globalised, the competitive advantages of multinational teams increase. Any single-nationality corporate culture will run into problems as soon as it aims to integrate larger operations from other countries.

In contrast, once the initial hurdles are overcome – which is no easy task and takes a lot of painstaking effort – multinational teams offer major benefits. Their combined understanding and insight into global and local business problems are much deeper. Benchmarking of operational performance on an international scale becomes routine. Rotation of specialists across borders to transfer best practices runs into far fewer problems and, for example, international supply contracts across borders and joint development projects become the norm.

Multinational teams can make unique use of their complementary skills and backgrounds. So ABB could exploit Finnish and German experience in dealing with Russians, longstanding Austrian relationships with Hungarians and Slovenians, traditional Scandinavian links with the Baltic states and Poland, when expanding into central and eastern European markets.

It is occasionally necessary to interfere... to force people to overcome the "foreigner" hurdle and safeguard the ideal

Now, with established positions in Poland and the Czech Republic, new team members from these countries help in building the group's presence further east.

Similarly, ABB uses Chinese-speaking team members from Singapore, Hong Kong or Taiwan in developing operations in China, or Brazilians and Argentines in pursuing its Latin American expansion. An important side-benefit is that we are able to recruit future global managers from the world.

ABB prides itself on being multi-domestic. The group has deep roots in many countries, respects national differences and cultures, and aims to achieve a strong local identity in each of its many home markets.

At the same time, we strive to develop a global corporate culture for all members of our multinational teams. One key element is having a common language. English was chosen at the outset, although a minority of the present 218,000 employees have English as their mother language.

Today, all executives use English as their common language and ABB's currency for global reporting and consolidation is the US dollar. Most importantly, from the very beginning ABB established a common set of values, policies and operational guidelines to safeguard and promote a group-wide umbrella culture.

Multinational teams do not happen naturally – on the contrary, the human inclination is to stick to its own kind. If in selecting a manager the choice is between a compatriot with a familiar backgroumd, and a foreigner whose credentials appear strange and whose language is difficult to understand, objective criteria tend to lose out.

Competence is the key selection criterion, not passport. Therefore, it is occasionally necessary to interfere in the selection process, to force people to overcome the "foreigner" hurdle and safeguard the ideal of multinational teams. The value derived from the combined different backgrounds makes it well worth taking some risks.

Few people have by natural instinct the ability to work well within such teams. It takes patience, understanding and ability to communicate. One important route to developing effective team members is to transfer employees to other countries.

I am not thinking so much of young people who spend six to 12 months abroad as part of their training and development, nor of the hundreds of people from newly acquired companies in former Comecon or Asian countries, who every year learn about modern company operations and get introduced to ABB's values and policies in western Europe and North America.

What I have primarily in mind is young western Europeans being transferred to Asia or America, and North Americans being assigned to Europe, Asia or Latin America. When after some years they return home, they have got a deeper insight into different cultures, and may even have picked up another language. They will have learned that their own culture is not always the measure for all things.

While such transfers on a massive scale may be costly, they are important for the development of effective multinational team members and global managers.

The common denominators in these efforts are communication, understanding and patience. There is no question that the price to pay for a high degree of "multinationality" is a major investment in two-way communication and consensus building across borders. Even after making full use of technical means of communication, a significant amount of time must still be invested throughout the organisation in face-to-face meetings and team work.

In the final analysis, openness, trust and respect are the key words in all this. At the end of the day, all people are "local" with their roots in some home country. It therefore takes a major, systematic and sustained effort to bridge the borders, build the multinational teams and thereby create a truly international organisation. But it is well worthwhile.

Next Monday: Tom Farmer of Kwik-Fit on how to build an honest culture.

Poacher turned TV star

Do headhunters deserve their BBC image, asks Lucy Kellaway

Simon Hall puts down his glass of champagne and frowns. Uneasy at the length of time his visitor has spent in the Gents, he sets off to find him. Hall opens the lavatory door and recoils in horror. The visitor, the senior partner at Dunwoody Standish, is lying on the floor in a pool of blood with both wrists cut.

Last night's episode of Headhunters, a new BBC drama, does not present the trade in its most flattering light. Hall works for one of London's foremost headhunting firms, where he spends his time on the mobile phone in constant search of bodies to "poach". A client wants to hire an entertainment lawyer: Hall does better by persuading him to poach a whole team. When the head of the old law firm finds out that his valuable assets are about to leave he is so upset he kills himself.

Headhunters have never been the most respected profession, but the message from the BBC seems to be that their ruthless tactics are pushing them to new depths of unpopularity.

Tim Clark, an expert on headhunters at the Open University, argues that the business does not deserve a bad name. He says that from the beginning people have viewed headhunting as a secretive, underhand business, disliking the process by which individuals are approached discreetly and persuaded to move jobs. "It's an easy industry to pick on. So much of the business is confidential. People don't know the full facts."

So what are the facts? Is there a moral problem with poaching? Might it be the responsibility of the headhunter to think about the mess that a person leaves behind when they change jobs?

"The work is very sensitive," says Ian Butcher of Whitehead Mann. "You can create problems if you take out key people. But most senior businessmen recognise that that is part of the game. In any case, our loyalty is to the client."

Far from feeling on the defensive, headhunters view what they are doing with an almost missionary zeal. Paul Buchanan-Barrow of Korn/Ferry says he is "helping clients to make the best use of really excellent people, and helping people use their full potential".

Miles Broadbent of Norman Broadbent agrees that "a successful headhunter provides an opportunity for someone capable of being a chief executive to become one". He lists successful British managers including Sir Colin Marshall at British Airways and Michael Harris at Mercury as among those headhunted into their jobs with great effect.

The business was not always thus. Headhunting was unheard of in Britain until 1961 when Peter Brooke, a young aristocrat who is now a government minister, set up a British office for the US firm Spencer Stuart.

James Fox as headhunter Simon Hall

Three decades later the UK executive recruitment market – which includes both search (headhunting) and selection (advertising) – is worth about £500m a year. These days most companies use headhunters to fill any post that carries a salary of more than £70,000. Eton College, the England football team, the government and the Royal Family use headhunters. Even headhunters use headhunters.

Although the business has taken a knock during the recession, growth is forecast. Korn/Ferry boasts that its business is already running at 30 to 40 per cent above the levels of a year ago.

The business has grown partly because senior employees no longer feel unshakeable loyalty to their employers. Yet most do not reply to advertisements, partly because they have no time to comb through them, and partly because they are nervous about being found out.

But even if headhunters add vital oil to the system, it might be argued that they are overpaid for what they do. Top headhunters earn £250,000 or more a year, while a middling one might be on a basic salary of £60,000 to £70,000 with a bonus worth the same again.

Their charges to clients are correspondingly high: a fee on success might be between 25 and 40 per cent of the first year's salary. According to Clark, the largest fee earned on a single appointment in the UK is £700,000.

Hardly surprisingly, headhunters themselves – most of whom are mid-career, and sometimes have impressive CVs of their own – think they deserve their heavy pay packets. Broadbent compares using a headhunter with using a solicitor to do conveyancing. "You want to make sure it is properly done," he says.

A good headhunter must be able to understand exactly what the client wants, and reason with them if the brief is unrealistic. Broadbent has a database of 8,000 to 10,000 possible candidates, and says: "It is our job to know who is potentially movable." For any given appointment he might start with a list of 50 to 100 names, which he would pare down between four and six to present to the client. "We get paid the fee for saving them time chasing around," he says.

Kim Owen-Browne, who runs his own headhunting company, explains that getting the right people involves careful work. He says it is essential to get to know the candidate, which means talking to people who have been their bosses, their peers and who have worked for them.

This endless sifting through CVs and interviews makes headhunting a strange job, not as glamorous as is sometimes thought. According to Buchanan-Barrow, the endless wining and dining of possible candidates is a fiction: he is more likely to be having early morning assignations with people at faceless hotels on the M25 than lunching at the Ritz.

Even though headhunters collectively might not command the greatest respect, individual headhunters tend to find themselves popular wherever they go. "Nobody puts the phone down on them. Not even the prime minister or chairmen of big companies. That was what I found so fascinating," says Bill Bryden, executive producer of the BBC series.

The synopsis for the rest of his television series tells of a mid-life crisis and an escape by Hall to the country in search for his spiritual self. Headhunters may view the next instalments with detachment. They think they have found their spiritual selves already.

CONTRACTS & TENDERS

LEGAL NOTICES

INSOLVENCY ACT 1986
G.O.S. LIMITED 02027939
H I BROMLEY LIMITED 02136823
ORION AIR EQUIPMENT LIMITED 02257536
H I ORGANISATION LIMITED 1338247
KENMART (PRINTING MACHINERY YORKS) LIMITED 01523928

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that meetings of the creditors of the above named Companies will be held at Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU on 21st January 1994 as follows, for the purposes mentioned in Sections 99 and 100 of the said Act.

G.O.S. Limited	3.00 pm
H I Bromley Limited	3.05 pm
Orion Air Equipment Limited	3.10 pm
H I Organisation Limited	3.15 pm
Kenmart (Printing Machinery Yorks) Limited	3.20 pm

Creditors wishing to vote at the meetings must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU not later than 1200 hours, noon on 20th January 1994.

A list of the names and addresses of the companies' creditors will be available for inspection, free of charge, at the offices of Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU on 19th January 1994 and 20th January 1994 between the hours of 1000 and 1600 hours.

Dated this 7th day of January 1994
L.R. WALKER Director

THE MONDAY
People page

Healthy, wealthy ... and wiser

Having sold his empire, Yves Saint-Laurent is a happier man, says Alice Rawsthorn

On Wednesday the opulent ballroom of the Hotel Inter-continental in Paris will be filled to capacity when Yves Saint-Laurent takes his bow at the end of his latest *haute couture* collection.

In the old days the Saint-Laurent show provided the glittering finale to Paris couture week as befits one of the world's most famous designers and the patron saint of French fashion. But couture is not what it used to be.

The collections have become publicity stunts for the scents and sunglasses that bear the designers' names. The organisation of the shows is now so chaotic that, to the fury of the French, Saint-Laurent has been unceremoniously usurped from the final slot by Valentino, an interloping Italian.

Yves Saint-Laurent, 57, has probably not even noticed. After the show he will be whisked away behind the bullet-proof windows of his limousine back to the tranquility of his 18th century townhouse on rue de Babylone in Paris.

He lives there as a recluse with a few faithful servants, his posse of body-guards and his treasures: the Matisses in the library, the Edward Burne-Jones tapestry in the *salon* and the Andy Warhol portraits of Moujik, his beloved dog.

For years members of the Paris social scene have spun sad stories about Saint-Laurent's illnesses and addictions, his problems with drink and drugs. But the rumours have died down in the past year. He has dried out, lost weight and now looks much healthier.

In any other country Saint-Laurent's traumas might make him prey to scandal or ridicule, but in France they simply add to his stature. He is, after all, an icon in fashion, an industry that is not only economically important to the French but cherished as part of their heritage. His vulnerability, his eccentricities, even his troubled mental history conform completely with the Gallic cliché of the tortured genius traumatised by his own talent.

Saint-Laurent says that his problems started at school. He led a sheltered childhood in Algeria, then a French colony, as the adored only son of Charles, a wealthy business man, and his glamorous wife, Lucienne. But school was hell. "Perhaps I didn't have what it took to be a boy," he once said. "I didn't conform. My homosexuality was obvious. They hit me or locked me in the toilets. It was psychological torture."

He escaped to Paris at 17 when he won first prize in a fashion contest. Karl Lagerfeld, the son of a German condensed milk magnate who is now his arch-rival as chief designer of Chanel, came second. Saint-Laurent then spent three months at fashion school before being hired as an assistant by Christian Dior, the grand old man of French fashion. Dior died suddenly in 1957 and Yves, still only 21, was catapulted into the most prestigious position in Paris fashion. His first collection was a triumph. "Saint-Laurent has saved France", was the headline in Le Figaro.

Disaster struck three years later when Marcel Boussac, the machiavellian owner of Dior, loathed one of Saint-Laurent's collections so much that he allegedly "arranged" for him to be conscripted into the army. Military life was just like school. Saint-Laurent had a nervous breakdown and was admitted to the mental illness ward of a military hospital. He stayed there for three months until he was rescued by Pierre Bergé, a young art dealer who had fallen in love with him at a Paris party.

Bergé then sued Dior, which had replaced Saint-Laurent with another designer, Marc Bohan, for breach of contract and used the FFr40,000 damages to begin their own business. Saint-Laurent went on to dominate 1960s fashion with a string of innovations from micro-minis to trouser suits. He and Bergé bought the townhouse on rue de Babylone and a sumptuous château in Normandy where they entertained the cream of the jet set.

By the late 1970s Saint-Laurent was the toast of the fashion world and fabulously rich, thanks to Pierre Bergé's business acumen. But Yves found it increasingly difficult to cope with the stress of the fashion business and the legacy of his childhood traumas. He retreated into his own world to wrestle with his depression. He has rarely been seen in public for the past ten years apart from brief appearances on the catwalk at the end of each collection. Bergé moved out of rue de Babylone in the early 1980s. He now has his own townhouse on nearby rue de Bonaparte and a new companion, Robert Merloz, once one of Saint-Laurent's assistants.

Saint-Laurent's days as a fashion innovator are long over. As his neuroses mounted, his designs became more conventional. Yet his 1960s achievements have assured his place in the fashion history books and the classic styles in his 1980s and 1990s collections are much more attractive to the middle-aged women who actually buy *haute couture* than the avant garde looks favoured by the fashion purists.

In the meantime Pierre Bergé has moved into the limelight. He entered the political arena in the 1980s as a confidant of François Mitterrand, the socialist president who, in 1988, made him head of the Opéra de Paris. He also stepped up his business deals, culminating in last year's $650m acquisition of Saint-Laurent by a subsidiary of Elf Aquitaine, the state oil group.

The Elf deal caused a furore because of speculation over Mitterrand's suspected involvement and payments of $72m each to Saint-Laurent and Bergé. Bergé's fortunes have faltered since the socialists lost power. He has been ousted from the Opéra and the police are investigating allegations of insider dealing in Saint-Laurent shares on the eve of the Elf transaction.

The final indignity was last autumn's court case when a group of champagne companies forced Saint-Laurent to change the name of its new perfume, Champagne, in France.

Saint-Laurent himself seems in better shape than for years. He talks openly about the improvement in his health since he conquered his drink and drug addictions. He has told friends he feels liberated by the sale of the business.

He still spends most of his time behind the black lacquered doors of rue de Babylone. But he is often spotted walking his dog and sees more of old friends such as Cathérine Deneuve, the actress, and Loulou de la Falaise, his vivacious design assistant. He also makes more frequent visits to his summer house in Marrakesh and his Normandy château, where he arrives by helicopter and is then transported around the grounds in a pony and trap.

Saint-Laurent even made an appearance at a party given last month by Bettina Graziani, a favourite former model at Dior. Paris-Match approved of his "tender look, timid smile" and his refusal to drink "anything other than orange juice and Coca-Cola".

PERSONAL FILE

Born: 1936 in Oran, Algeria

Education: Lycée in Oran

Career:
1954: design assistant to Christian Dior
1957: chief designer at Dior
1962: founds his own fashion house with Pierre Bergé
1983: selected for first retrospective of a living fashion designer at Metropolitan Museum, New York
1989: YSL becomes first French fashion house to go public
1993: controversial $650m acquisition of YSL by Elf Sanofi

Personae ...

Schulmeyer returns to the 'fun' world of high-tech electronics

Hans-Dieter Wiedig reckons he has crammed 20 years' work into his 10 years at the head of Siemens' computer business. The past three, spent trying to blend the conservative old group's operations with those of the free-wheeling Nixdorf enterprise, have been especially stressful, writes **Christopher Parkes**.

In the past 24 months, Siemens-Nixdorf Informationssysteme (SNI) has booked losses of almost DM1bn.

But his trials come to an end on October 1, when he surrenders his post to 55-year-old Gerhard Schulmeyer.

Formerly with Motorola, and now a main board member running the engineering group ABB's operations in the Americas, Schulmeyer says he believes his new job will be "fun".

That remains to be seen – as does the reaction of the existing management to the appointment of an outsider. Top jobs in typically conservative German corporations are traditionally reserved for home-bred talent. But SNI, preparing to cast off 5,000 more employees and announce another DM300m-plus loss this year, requires special treatment.

The first signs of group chairman Heinrich von Pierer's resolve to break with tradition appeared last autumn when he brought in Tandem's Robert Hoogstraten as SNI marketing director.

Further signs of his determination to plug SNI's profits drain emerged last week when he announced that he would personally take the chair of the subsidiary's supervisory board next October when Schulmeyer (who arrives in July) formally takes over from Wiedig.

The job at hand is to meet von Pierer's self-imposed deadline of 1996 for the business to reach break-even – and thus a position of relative strength from which it can negotiate on equal terms with potential partners. Wiedig, who is to be found a new job within the group, will also take a seat on the SNI supervisory board – from where he will be able to offer Schulmeyer the fruits of his "20 years" experience.

Schulmeyer, who has dual German and American nationality, returns to the line of business he knows best: high-tech electronics.

In the late 1970s he worked for Wega Radio, a Sony subsidiary, before moving to Motorola, where he worked between 1980 and 1989, latterly as executive vice president and deputy to the chief executive running Motorola Europe.

He then moved to ABB, based in Stamford, Connecticut, and at the end of the year went on to the main board.

As chief executive officer of ABB in America he presided over the integration of two important acquisitions, Combustion Engineering, and the transmission and distribution businesses of Westinghouse, although his period at the helm was characterised by what the company terms "flattish" earnings.

A restructuring of ABB last October put Schulmeyer in charge of the group's business throughout the Americas.

Prudential picks outsider to fill Jackson's hole

Next month Bob Saltzman will become the first person from outside the founding family to be president and chief executive of Jackson National Life, one of the largest US life insurance companies, writes **Alison Smith**.

Set up in 1961 as a family firm, Jackson National was acquired in 1986 by Prudential, the UK's largest life insurer, but the senior management remained in place. David Pasant, the younger son of the founder, left last June after 20 years with the company.

Saltzman, 51, was appointed after Mick Newmarch, the Pru's chief executive, had seen a number of candidates found by a search consultancy.

Newmarch says Saltzman, who spent the past ten years at SunAmerica, one of Jackson National's rivals, was chosen on the basis of his 30 years' experience in the industry and because of his success at SunAmerica where he was executive vice-president.

In the gap before Saltzman was appointed, Jackson National was run by John Knutson, chief operating officer, who will stay with the company. "He has been minding the shop pro tem and dependably, but we were interested in someone to take responsibility for the whole operation," Newmarch says.

He was not, he added, disappointed at not being able to appoint a chief executive from within Jackson National; Pasant was only in his early 40s when he left, so the succession policy was bound to be different from what it would have been had the chief executive been older.

Female judge on Japan's supreme court

Hisako Takahashi, a former director general of the labour ministry, has been named as Japan's first female supreme court justice, writes **Emiko Terazono**.

Takahashi, 66, will become one of the country's 15 supreme court justices when she succeeds Osamu Mimura, who retires next month. Prime minister Morihiro Hosokawa is trying to follow President Clinton's initiative to increase the number of women in key official posts.

Hosokawa had been concerned that although women are currently holding top legislative and administrative posts, none was held in the judicial branch. Takako Doi, former leader of the socialist party, has become the first female speaker of the lower parliamentary house, and there are three female cabinet ministers.

Takahashi entered the labour ministry in 1953 after graduating from the University of Tokyo. She left last year after serving as cabinet counsellor and director general.

The appointment will be formalised at a meeting of the cabinet on January 25 and will take effect on February 9.

BUSINESS TRAVEL

Non-French speakers need not worry: Montreal is an easy and enjoyable place in which to do business, says **Bernard Simon**

Don't be daunted by Poulet Frit Kentucky

The signs to "centre-ville", rather than city centre, as you leave Dorval airport are a sign that Montreal is a North American city with a difference.

With the elegance, architecture and culture of a European capital, Quebec's financial hub has a special ambience. Splendid museums, a fine symphony orchestra and a dizzying choice of restaurants can make a business trip to Montreal an enjoyable experience.

Nevertheless, visitors whose French is limited to a few tourist phrases (or those who have yet to master the distinctive Quebecois dialect) may feel nervous at the thought of getting around and doing business in the world's biggest French-speaking city after Paris.

That discomfort is bound to increase on the drive from the airport. Billboards and signs along the roadside are in French, and only French. There is no Kentucky Fried Chicken in Montreal, only Poulet Frit Kentucky. What once was called Craig Street is now rue St-Antoine. More recently, Dorchester Boulevard, Montreal's main street, was renamed boulevard René-Lévesque, in honour of a Quebec separatist hero.

Although the travel agent may have booked a room at the Four Seasons or the Queen Elizabeth, the taxi drops you off at Hotel Le Quatre Saisons or Hotel Le Reine Elizabeth.

The city's newspapers – the only one written in English is the Montreal Gazette – are filled with stories on the popularity of Quebec's French-first nationalists. The Bloc Quebecois, which aims to make Quebec an independent country by the end of the decade, won enough seats in last October's general election to become the main opposition party in the House of Commons in Ottawa.

Its provincial counterpart, the Parti Quebecois, is leading in opinion polls in the run-up to provincial elections later this year. If it wins, it has promised to hold a referendum on independence by late 1995, and to reverse recent relaxations in the French-first language law.

With such a rise in nationalism, can a non-French speaking visitor possibly enjoy a visit to Quebec, let alone seal a business deal there?

Relax. A knowledge of French is useful, especially in shops, restaurants and in dealings with Quebec government officials. But it is by no means essential. "It's the bottom line that counts," says Mr Howard Gosselin, a Canadian who heads Barclays Bank's office in Montreal. "If they can make money by dealing with someone who doesn't happen to speak French, well, so what?"

Although Montreal has all the appearances of a French-speaking city, it is more accurate to call it bilingual. English is the mother tongue of about a third of its 3.2m residents, including many members of the immigrant community (known locally as "allophones"). Before you have a chance to mumble an apology to your Quebecois hosts for your mangled French, they are likely to put you at ease with a tale in fluent English about their latest trip to London, Moscow or New York.

Until the late 1970s, Montreal was dominated by pillars of the Anglo-Canadian establishment such as Canadian Pacific, the transport and resources conglomerate, Royal Bank of Canada, Sun Life, the insurance company, and Alcan, the aluminium producer. But the rise of an assertive group of Quebecois entrepreneurs, coupled with the departure of English-speakers to Toronto in the late 1970s, when a form of independence appeared to be on the horizon, has created a new business class of well-educated French-Canadians.

Nowhere in Canada was support for the 1989 free trade agreement with the US stronger than in Quebec. Montreal-based companies such as Bombardier (transport equipment), Videotron (cable-TV) and Quebecor (printing and publishing) are now among corporate Canada's brightest stars.

Montreal does, however, retain some hallmarks of a close-knit community. Many business deals are still clinched over lunch in the city's somewhat stuffy clubs, like the Mount Royal and the St James.

A handful of institutions, notably the Caisse de dépôt et placement du Québec (the public-sector pension fund), Hydro-Québec (the power utility) and the Desjardins financial services group, are very influential. Business visitors would be well-advised to cultivate contacts in one or more of these organisations.

"More than most other cities, there's a very genuine and fully developed relationship between senior people in business, the universities and government," says Mr Reid Scowen, Quebec's delegate-general in New York. "Everybody knows each other and works together."

Barclays' Mr Gosselin adds that French-Canadians "work hard and negotiate hard, but they don't take themselves as seriously as others [North Americans] do. There's a little more warmth in their attitude."

According to a recent opinion poll published by Maclean's magazine, 40 per cent of Canadians agreed with the statement that "we should eat, drink and be merry, for tomorrow we may die". In Quebec, the proportion is 71 per cent.

This zest for life is reflected in Montreal's array of fine restaurants. Among businessmen's favourites in the old city are the swish La Marée (404 Place Jacques Cartier) and St-Amable (188 rue St-Amable). My own choice is Claude Postel (443 rue St-Vincent): located in a former mortuary and yet to be discovered by tourists or the corporate public relations set, it serves a mouth-watering *tarte de latin* (made with caramelised apples).

Popular spots in the office and shopping area south of McGill University include Restaurant Julien (1191 avenue Union), Le Cintra (2072 rue Drummond) and the more casual L'Actuel, whose speciality is mussels (1194 rue Peel). Milos (5357 avenue du Parc), an informal Greek seafood restaurant, is a 10-minute drive from downtown.

But if you like to dine early, prepare to dine alone. Montrealers tend to eat later than other North Americans. Most restaurants start to fill up only after 8pm.

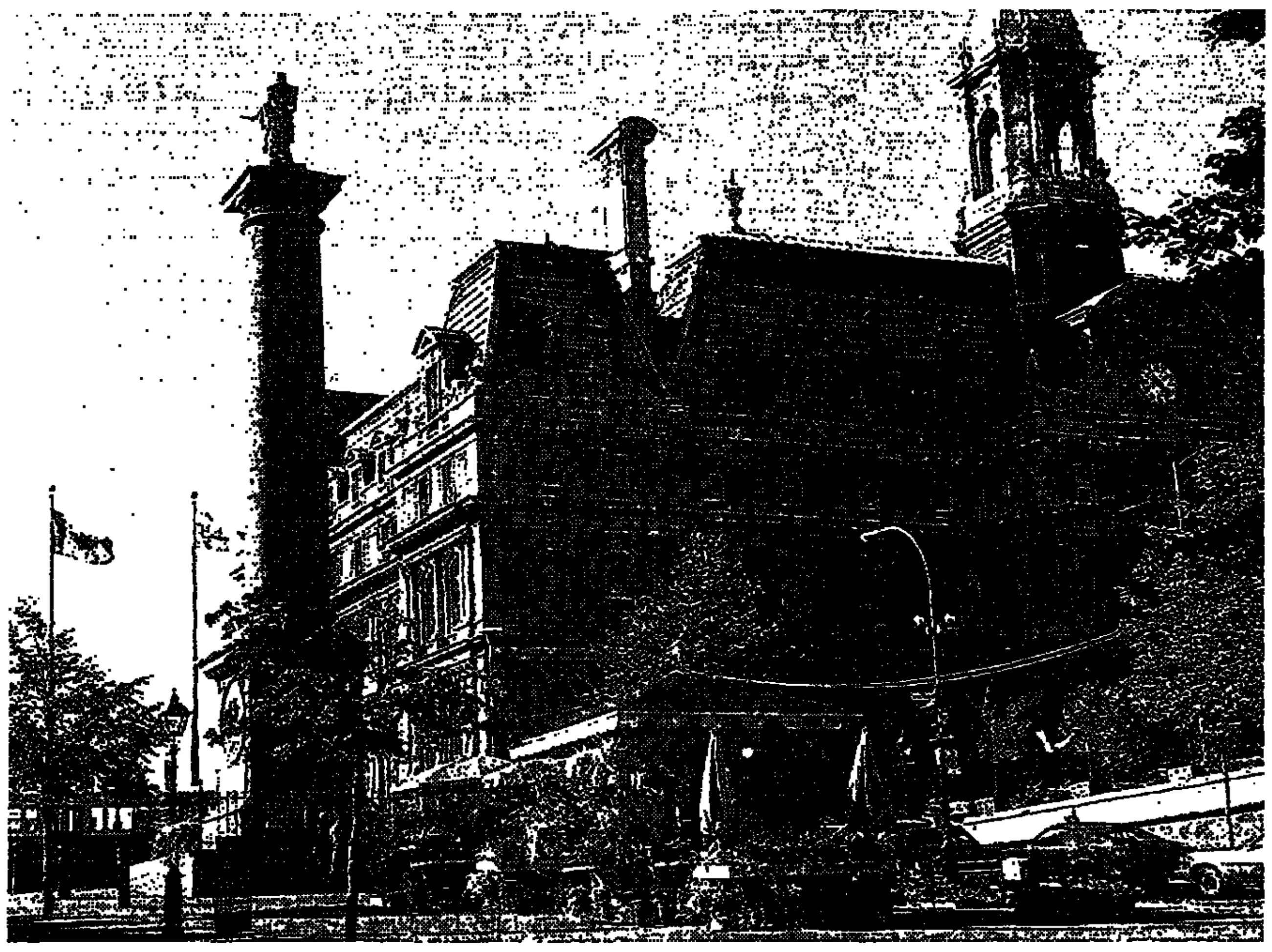
Montreal's top – and thus most expensive – hotels are the Ritz-Carlton and the Four Seasons, which are close to each other on rue Sherbrooke Ouest. If your business is in the old financial district around rue St-Jacques (still known to old-timers as St James Street), the Hotel Inter-Continental on rue St-Antoine Ouest and the less expensive Hotel Radisson Gouverneurs at Place Victoria are convenient.

I usually try for a room at the Centre Le Sheraton on boulevard René-Levesque. Although in many ways just another large, modern hotel, the Sheraton offers good value for money in a good location (among other things, it is the first stop on the airport bus route).

Quebec winters are brutal and long. A foreign visitor will be far more miserable without the right clothing at this time of year than without a French phrase book. Temperatures often hover for days at minus 15°C-20°C. Streets and pavements are covered with a messy – and often treacherous – combination of snow, ice, slush and salt.

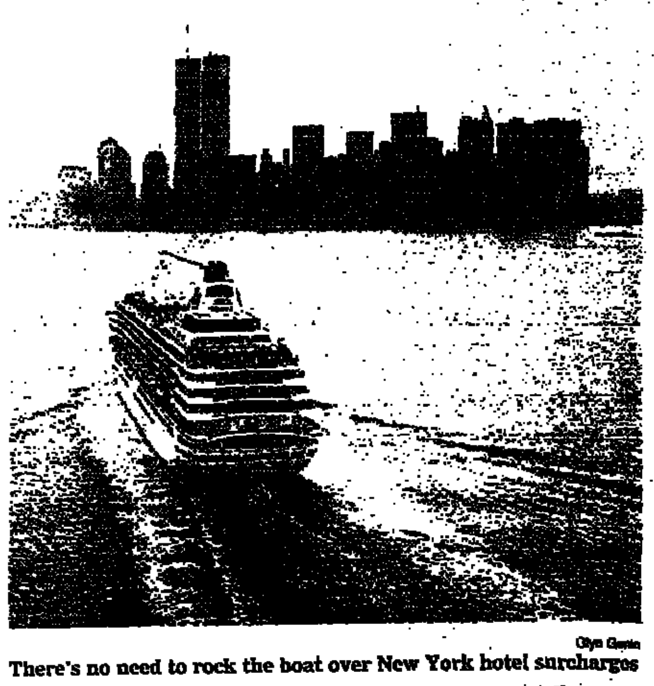
Gloves, a warm coat (a lined raincoat will do) and rubber overshoes or boots are essential. A hat is advisable. Anyone not used to walking on ice-flecked pavements should take care, especially on the streets sloping down from Mount Royal to the St Lawrence River. One wrong step and your lasting memory of Montreal will not be a fine meal, but the bruises, soiled clothes and embarrassment of being on your hands and knees in the middle of Beaver Hall Hill.

Even this well-known landmark is now known by an incongruous official French name: côte du Beaver Hall.



The Hutchison Library

Montreal: the biggest French-speaking city after Paris has the elegance, architecture and culture of a European capital



There's no need to rock the boat over New York hotel surcharges

Costs that do not scrape the sky

Don Munro on New York hotels charging less than $100 a night

Travellers staying in New York hotels can have a nasty surprise: a nightly 19.25 per cent room sales tax, plus a $2 occupancy tax. New York City levies the taxes on rooms costing more than $100 (£68) a night. A lower tax of 14.25 per cent, plus $2, applies to rooms costing less than $100.

While such weighty surcharges can push a night in one of New York's ritzier hotels out of the reach of some business travel budgets, the city does offer several alternatives. There are many moderately priced hotels, and weekend stays can bring savings.

Among the establishments offering rooms for less than $100 a night is one of New York's most chic hotels, the Paramount (telephone 212 764-5500) at 235 W 46th Street. You can get a single room at the weekend for $99. Bearing the mark of French designer Philippe Starck, the Paramount features beds with framed artworks that serve as headboards; cone-shaped, stainless-steel sinks; and a 24-hour health club. Video recorders are standard in all rooms, and guests can watch movies from a 1,000-title library.

Even if you dislike the lobby, with its gold frescoes of signs of the zodiac, the rates should appeal

If you do not appreciate the Barbizon Hotel's lobby, with its deep blue, domed ceiling decorated with gold frescoes of the signs of the zodiac, you are likely to enjoy the room rates. Studios, which include single or double beds and a TV set, cost $99 a night. The Barbizon (telephone 212 838-5700) is located at 140 East 63rd Street.

It is hard to beat $75 a night for lodging in Manhattan. That is the price of a studio, comprising one big room with a TV, at the Esplanade Hotel. It is located close to Lincoln Center and Riverside Park at 305 West End Avenue (telephone 212 874-5000). For $20 extra, you can have a suite, which consists of one bedroom with a sitting area, kitchenette and TV. However, the hotel prefers to rent to guests by the week or month, so you might not be able to take a room on a nightly basis.

Single rooms at the Wentworth Hotel (telephone 212 719-2300), located in the jewellery district at 59 West 46th Street, cost from $75 a night. Doubles start at $85. Each of the 195 large rooms features at least one double bed.

Midway between Rockefeller Centre and the United Nations is the 730-room Lexington Hotel, at 511 Lexington Avenue (telephone 212 755-4400). Until April, single and double rooms, which include TVs, begin at $85 a night. The hotel offers free admission to its country and western dance club.

At the Comfort Inn Murray Hill at 42 West 35th Street (telephone 212 947-0200), single and double-room rates start at $94 and $99 a night, respectively. Its 120 rooms feature colour TVs. Don't forget to get your share of free coffee and Danish pastries that are served each morning.

At 228 W 47th Street, in the Times Square area, the 1,000-room Edison Hotel (telephone 212 840-5000), with its art-deco lobby, advertises single rooms starting at $90 a night and double rooms at $99. Each room comes with a colour TV set.

Swissair appeals to Biggles

Not just anyone can get their hands on the controls of a commercial jetliner, but Swissair is offering the next best thing: a chance to pilot one of its seven flight simulators.

The Swiss national airline is to rent out spare time on its Zurich-based machines, which simulate the performance of the Boeing 747, the McDonnell Douglas MD-11 and MD-81, the Airbus A-310 and the Fokker 100.

The fee varies from SFr500 to SFr850 (£230 to £390) per hour, including an instructor and an on-hand Swissair pilot.

Flight news

- British Airways will begin a daily nonstop service between London's Gatwick airport and Charlotte, North Carolina on January 20.
- United Airlines and Lufthansa are giving members of each airline's mileage programme credits on flights operated by either airline elsewhere in the world.
- Criminal charges have been filed against six people accused of acting in collaboration with airport police to rob six foreign travellers at Manila airport.

Fares for 'Le Shuttle'

The cost of taking a car through the tunnel under the English Channel will range from £220 to £310.

Eurotunnel, the Anglo-French company operating the service, plans to carry its first fare-paying passengers on May 8, after the official opening by the Queen and President Mitterrand.

The journey will take 30 minutes, compared with nearly an hour by hovercraft and about 80 minutes by ferry. With the tunnel fares at airline levels, competition promises to be tough: Channel Ferry operator Stena Sealink last week announced fare cuts under a complete overhaul of its tariff structure.

Eurotunnel can afford to start dear: in the early months it will have limited shuttle capacity and may be unable to meet demand. But as deliveries of the special rolling stock to carry cars, coaches and trucks through the 32-mile tunnel build up and the frequency of shuttle departures increases from two to four an hour, analysts think they may forced to reduce fares to fill the spaces.

Watch out for Venezuela

The Foreign Office warns that violent street crime is increasing in major cities, particularly in Caracas, Maracay, Valencia and *Maracaibo*.

Watch out for Liberia too

The Foreign Office is advising UK nationals not to travel to Liberia. Although a ceasefire is in effect, and peacekeeping and relief contingents are gradually deploying, the situation, particularly outside Monrovia, remains unpredictable.

Ireland beckons

Virgin Airlines has started a new service to Dublin from London's underused City airport in the east-end of the city. Aer Lingus is to fly non-stop between Dublin and New York later this year by leasing three new Airbus A-330 aeroplanes. The Irish national operator plans an introductory 20 per cent price cut and a $1m (£600,000) promotional campaign in the US. Although the Airbus aeroplanes are smaller than the Boeing 747s they replace, the increased frequency of flights will increase Aer Lingus' transatlantic capacity by 33 per cent.

Dearer France

Travellers to France face a series of price hikes on cigarettes, petrol and telephone calls, leaving almost no one in the country exempt.

From this month, smokers will have to pay 13 per cent more for cigarettes and tobacco on Monday, petrol is up by 2.3 per cent, and domestic telephone calls will be invoiced on the basis of a three-minute chat, instead of the previous six-minute base rate.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	9	6	5	7	6
Hong Kong	20	18	17	14	14
London	2	4	6	8	9
Frankfurt	-1	-1	-2	-1	1
New York	0	-4	-10	-6	-3
L. Angeles	25	24	24	23	21
Milan	7	7	3	7	8
Paris	3	1	-2	1	5
Zurich	0	-2	-5	-4	-3

Maximum temperatures in Celsius

Information supplied by Meteo Consult of the Netherlands

Opera/**David Murray**

Xerxes provides a sumptuous feast

How many modern Handel stagings get to enjoy revival for a fourth time around? That is the rare and happy achievement of Nicholas Hytner's version of *Xerxes*, deftly reproduced once more by Julia Hollander for the English National Opera. The translation, too, is by Hytner – bright Restoration pastiche for the arias, cocky fast-forwards to modern talk in the recitatives, all of it singable. Hytner is a man of many parts.

Xerxes (*Serse* in the original Italian) is late-middle Handel, one of his few semi-comic operas. Hytner treats the opera comically throughout, and not just the *buffo* scenes. That entails only minor losses. The feast of arias that *Xerxes* provides – there is a little duetting later on, and a final septet, but otherwise Handel's Italian soloists had to reign supreme – survives a bit of guying in the "serious" numbers. Hytner laces the statelier ones with loopy visual jokes in the background, just to keep things going, and for some vehement arias he encourages cod extravagances: while Xerxes' romantically despairing brother, Arsamenes, (Christopher Robson) sings the last of his many laments, he shrivels into womb position on the floor.

If *Xerxes* were a lofty melodrama like most Handel operas, grand Persian panoplies and cohorts would seem de rigueur. But besides the comic go-between Elviro (chirpily taken now by Paul Napier-Burrows), the main plot itself is a frothy nonsense of lovelorn confusions. Hytner has transferred it to an 18th-century spa (Persepolis is glimpsed in the distance), peopled by starchily indifferent guests and grand, whey-faced servants, the better to point up the absurdity of it all. It is not overdone, and David Fielding's very pretty designs are rich in off-the-wall jokes.

Alastar Muir

Louise Winter (left) and Yvonne Kenny in the English National Opera's comical reading of Handel's Xerxes

The silly story is a frail reed for carrying a 3½-hour opera (this *Xerxes* is bravely uncut), but the arias do make a sumptuous feast. Of the seven excellent principals, Robson and Yvonne Kenny are old hands in the show (neither in best voice, but alert and engaging nonetheless), and so are the stalwart Louise Winter and Jean Rigby, in breeches-roles.

As Xerxes' commander Ariodates, Mark Richardson makes an impression of character and fine musical sense out of all proportion to his meagre part. The winning new Atalanta is Nerys Jones, bright-voiced and with the mobile face of a clever sit-comedienne. The conductor Ivor Bolton, probably anxious about the passing hours, occasionally hustles the score along too hard, but he also realises much of the music in beautiful style. For Handelians, this is an evening of many delights.

Hamilton's Gaslight shines as a melodrama

Few British 20th-century writers can be undergoing such a rapid rehabilitation as Patrick Hamilton who died, even then almost forgotten, in 1962. Within the past year or so, there has been a new biography by Sean French, a successful revival of Hamilton's play, *Rope*, at Chichester, and now comes a thoroughly enjoyable *Gaslight* in Edniburgh.

In the 1930s Hamilton was a considerable literary figure, admired by such fellow writers as J.B. Priestley, Noel Coward, Ivor Novello and Graham Greene. The only question seemed to be whether he would be remembered more for his novels than his plays. It was the plays that made him affluent. Hollywood picked him up and there were movies of both *Gaslight* and *Rope*.

As his brother, Bruce, related in a biography published in 1972, it was partly the money that drove Hamilton to drink, or at least allowed him to drink to such excess in relative comfort. Clearly there were other factors. Hamilton developed a rigid attachment to Stalinism and was a close acquaintance of the writer, Claud Cockburn. He had strange ideas about religion and disliked abroad.

Like many Englishmen, however, perhaps the key fact about him was that the second world war interrupted his career. When the war was over, just like Coward he went on writing. But the world had changed and reputations dipped.

After a decent interval, however, we can begin again to respect the old crafts. *Rope* is a psychological thriller about a "perfect murder" based on a real case. *Gaslight* was originally presented as a thriller as well – at Richmond, then in London's West End in 1938.

In Kenny Ireland's revival, *Gaslight* has become more of a melodrama, and is none the worse for that. Sometimes it comes close to comedy. Whenever anything dramatic is happening, there is a tendency for heavy cello playing in the background or the chiming of bells. It is not until the end that there is a real frisson. This is when it becomes quite conceivable, even if you know the text in advance, that the director will change it and Mrs Manningham will slit her husband's throat instead of just teasing him.

The play was initially set in an unfashionable part of west London around the end of the last century. It was a brilliant idea to change the place to Edinburgh, which is even more appropriate, for much of the atmosphere is heavy, formal and dour, but not without manners.

At least one passage might have been written for the Scottish stage. When Mrs Manningham is introduced to a new medicine by the kindly former detective Rough, she asks what it tastes like. "Delicious!" Rough replies. "Something between ambrosia and methylated spirits. Do you mean to say you've never tasted good Scotch whisky?" Mrs Manningham remembers that it is what her mother used to give her when she had a fever as a child: her appreciation comes back, and gradually her sanity.

If there is a flaw, it is that the gaslights – which are central to the plot – never go down quite dramatically enough when there is a prowler upstairs. Thus the really sinister element of the piece has been diminished.

For the rest, the acting and direction are terrific. Vivien Heilbron, in the part first played by Gwen Ffrangcon-Davies, is a superbly neurotic Mrs Manningham throughout. At the end, when she realises she is sane, she becomes almost frightening in the potential use of her power. John Fraser as Rough is an amiably Scottish former policeman, perhaps with too much of a doctor's bedside manner. And David Rintoul as Mr Manningham is as elegant a Victorian villain as you are likely to find

Malcolm Rutherford

Royal Lyceum, Edinburgh, until Feb 5. (031) 229 9697.

Museum honours a jazz genius

Christina Lamb visits a new exhibition celebrating the life and work of Duke Ellington

The dragon-like piano teacher, whose insistence on endless scales kills off any early attraction to music, is a familiar image to many people. It is easy to visualise the young Duke Ellington as a small, baseball-besotted, Afro-American boy writhing on the piano stool as he was forced to practise by the wonderfully named Mrs Marietta Clinkscales. As a result, the world almost lost the greatest American jazz composer of this century.

Fortunately, Ellington's interest was revived in pool bars around his home town of Washington, DC; and during a summer job at the Poodle Dog Cafe he was soon filling in when the pianist arrived too inebriated to play. Ellington's "Soda Fountain Rag", composed in 1913 at the age of 14 from bits of songs he knew and set to the rhythms of the soda pullers, was the start of a long and prolific career.

Known as Duke for his aristocratic bearing, Edward Kennedy Ellington turned out more than 1,500 compositions including popular songs, instrumentals, theatrical works, film scores and sacred pieces, most written while criss-crossing the US on tours. His standards include such much-recorded numbers as "Sophisticated Lady", "Satin Doll" and "It Don't Mean a Thing (If It Ain't Got That Swing)", although perhaps his most enduringly famous single recording was "Creole Love Call", made in 1927 with singer Adelaide Hall who died in London only last year aged 92.

Ellington began his career at a time when sound recordings were in their infancy and jazz was denounced in the press as "ruining young girls". But he broke new ground constantly and his work has become the first of any jazz artist to inspire the kind of serious study usually reserved for classical composers. He is the subject of a new course at Harvard University, two new books* and a major exhibition, Beyond Category: The Musical Genius of Duke Ellington, in the Museum of the City of New York**, on the fringe of Harlem, which will tour US cities until 1996.

The exhibition is based on 200,000 pages of documents and scores as well as photos, concert programmes and other memorabilia saved by Ellington's son, Mercer, and acquired by the Smithsonian Institute in 1988.

There are interactive video monitors where, by touching players on screen, you can call up individual band members like Johnny Hodges, "Tricky" Sam Nanton or Cootie Williams, follow their careers, listen to their solos, and see how each contributed to the Ellington sound.

Accompanied by Ellington's music, you can see the small Wurlitzer organ on which he composed while on the road; the Medal of Freedom awarded by President Nixon; the cross he always wore; programmes from the Cotton Club and Carnegie Hall; and his first record sleeves.

Murals and life-size cut-out figures evoke scenes from his life – from his youth in Washington, DC, as the pampered only son of a butler, to leading The Serenaders in dance halls while painting signs by day.

Just as with the "Soda Fountain Rag", Ellington always fashioned music out of what he heard and saw, whether it was dancing at the Cotton Club or simply people walking in the street.

But the characteristic Ellington sound really began to take shape in New York in 1923 with the arrival of trumpeter Bubber Miley, whose use of mutes created a growling effect, which transformed the band's sweet, melodic dance music style to one that the critics dubbed "jungle jazz".

In spite of his natty dress and natural charm, Ellington found it difficult to break into the hotly competitive Manhattan club scene. His big break came in 1927 when he was hired at Harlem's Cotton Club. Through its nightly radio broadcasts, the Ellington orchestra soon became famous nationwide.

Although a talented pianist, the band was his real instrument and he attracted many great musicians – even be-bop trumpeter Dizzy Gillespie for a short time. Many of his compositions were written specifically to highlight the strengths of his players.

The band was noted for its fresh, improvised sound, yet this was the result of constant work. Typically, Ellington would have an idea that the musicians would try out and suggest changes. Then, he would go away and re-work it.

By the 1940s, Ellington's influence was everywhere. Yet, while his music was loved by white society, colour prejudice meant that he and his players could not eat in many US restaurants or get rooms in hotels – a problem they solved by renting a railway carriage for their constant tours. The late 1940s and 1950s were difficult times but Ellington kept going despite the decline of big bands, the closure of dance halls and the advent of television. By 1955, though, the orchestra was reduced to accompanying ice-skaters at Flushing Meadow.

Just as the music world was writing him off, he made a stunning comeback at the Newport jazz festival in 1956, where his "Diminuendo and Crescendo in Blue", written 20 years earlier, had the audience stomping in the aisles. *Duke at Newport* became his best-selling album, he made the cover of Time magazine and clinched a new contract with Columbia Records.

The 1960s were glorious years, culminating in 1969 with a celebration of his 70th birthday at the Nixon White House. In 1974, Ellington succumbed to lung cancer – but he composed until the end from his hospital bed.

Once asked where his ideas came from, he said: "Oh man. I got a million dreams. That's all I do is dream all the time." He could, however, never have dreamt that he would, one day, be rated worthy of academic study at a top university and a national exhibition.

**Beyond Category: The Life and Genius of Duke Ellington, by John Hasse (Simon & Schuster); The Duke Ellington Reader, by Mark Tucker (Oxford).*

***The Museum of the City of New York is on Fifth Avenue at 103rd Street.*

Architecture/**Colin Amery**

BBC builds on public's interest

What do opera and architecture have in common? They have both been seen as elitist and remote and both face a battle to gain public appreciation.

Opera seems to be winning. There is now a vast popular interest in opera throughout the UK, which is increasingly well-served by new and improved theatres. The interest has also spawned magazines, tapes and discs and more television coverage.

Much the same thing is happening to architecture. There is enormous public interest in old and new buildings and landscapes, town planning, transport and environmental concerns. The starting gate of this interest is often do-it-yourself and home improvements, but it soon runs to wanting to understand Baroque or gain a glimpse of Gaudi.

At last, television has caught up with the public's appetite and last week we were offered two vastly different but significant programmes. The new series of *Building Sights* is set in the US. This promises to be a very enjoyable series and an important one because it demonstrates a literate, amusing and enticing approach to wonderful buildings.

Wayne Cable

Kitsch artist Jeff Koons reviews Chicago's John Hancock Centre

But worst things first. Last Tuesday's *Late Show* on BBC2 was a classic demonstration of how not to interest your audience in architecture. It was a significant programme because it must, surely, mark the end of the media whinge about the state of architecture and the pathetic nature of the profession's gloom.

The programme was presented by Martin Pawley, whose view that it is all up for architects and that the decline in quality is largely the fault of politicians and the public, is a deeply flawed one. He continued his crusade against the sane criticisms of the public and the Prince of Wales, and seemed to want to close the architecture debate for ever.

The recession was scarcely mentioned as a cause of the collapse in the building industry and the temporary falling off of building projects. Many professions have been marginalised since the Thatcher years and have had to question their reasons for existence. Architects are suffering unemployment but they also suffer from being trained to think they are gods before learning through experience that they are merely mortal links in the construction chain. These arguments were misrepresented by this one-sided programme.

Many of the more ancient architects in the programme struggled to justify their terrible mistakes of the 1950s and 1960s. Will they never give up? The contempt they seem to feel for the public sends shivers up and down my spine. The BBC must surely learn from this dreadful programme that there is another way to encourage interest, concern and enjoyment in architecture.

The good news is that someone in the BBC has seen the light, and it must be three cheers for the director of *Building Sights*, Sandra Goldbacher, and the executive producer Clare Paterson. They had the good idea of asking eight US architectural enthusiasts to look at their favourite 20th-century American building and tell the viewers why they liked them. The formula is a simple one. In the British series the atmosphere was usually stilted and cool: this series is more professional and more fun.

The first programme was on that old rascal of American architecture, Philip Johnson, telling us why he loved Grand Central Station in New York. Johnson is over 80 but he was a spry, funny and sharp commentator on the passing show in the "most beautiful room in New York". Seeing the station (built in 1913 by Warren and Wetmore) as the belly button of New York, Johnson praised, not just the non-stop urban ballet but also the profligate sumptuousness of the station. He saw the whole place in operatic terms – and wonderful music accompanied his views. You could imagine the Lady of the Camelias coming down that vast double staircase. The glory of the station does "give a vicarious graciousness to the ordinary man". Grand Central is "oysters for everyone".

Philip Johnson compared the sumptuousness and mad generosity of the station to today's thin and poverty-stricken architecture and thought that we lacked enough "papal tyrants, insane monarchs and dictators" ever to see this sort of grand architecture again. For Johnson it was enough that Stalin built the magnificent Moscow Metro.

It was a fine idea to let actress Diane Keaton show us the Ennis Brown House by Frank Lloyd Wright in the Hollywood Hills (to be shown on Wednesday January 19, BBC 2), and Jeff Koons, the kitsch artist, to show us the Hancock Tower in Chicago (Jan 26). Keaton sees the concrete Mayan style Hollywood house as one long sexual tease. It filled her with, "prolonged, unceasing, desire". Frank Lloyd Wright you should be living at this hour.

All I need tell you about Jeff Koons and the Hancock Tower is that, in his view, "Mozart would have had a condo on 93rd". There are eight of these gems on BBC2 this winter – they have broken the mould of architectural programmes on television. They have done architecture a great service and they illuminate with humour. Watch them; they are also blissfully short.

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/DANCE

Staatsoper unter den Linden The main event this week is the first night on Sun of a new production of Gluck's Alceste, staged by Achim Freyer and conducted by Thomas Hengelbrock, with Anna Caterina Antonacci in the title role (200 4762/ 2035 4494)

Deutsche Oper Gwyneth Jones heads the cast in Turandot on Wed and Fri, and also sings Ortrud in Lohengrin on Sun. Repertory includes Der fliegende Holläder, Rigoletto and a Stravinsky ballet production with choreographies by Balanchine and Béart. There are two performances next week of Le nozze Figaro with Margaret Marshall and Marie McLaughlin, and Aribert Reimann's Kafka opera Das Schloss is revived on Feb 6 (341 0249)

Komische Oper A new production of Puccini's Trittico, staged by Christine Mielitz and conducted by Mario Venzago, has just joined the repertory. This week's performances also include Kupfer productions of Les Contes d'Hoffmann, Die Zauberflöte and Rimsky-Korsakov's Tsar Saltan (229 2555)

CONCERTS

Philharmonie Tonight: Emmanuel Krivine conducts Deutsches Symphonie-Orchester Berlin in works by Glinka, Rakhmaninov and Saint-Saens, with piano soloist Olli Mustonen. Wed, Thurs, Fri: Riccardo Muti conducts Berlin Philharmonic Orchestra in Fauré, Debussy and Schumann. Jan 25, 26, 27: Bernard Haitink conducts Berlin Philharmonic (2548 8132)

Schauspielhaus Tomorrow: Paul Hillier directs The Theatre of Voices in music by Hildegard von Bingen, Arvo Pärt, Palestrina and others. Thurs: Enoch zu Guttenberg conducts MDR Chamber Orchestra and Chorus in Mozart's arrangement of Handel's Messiah. Sun: Frank Peter Zimmermann violin recital. Next Mon: Iona Brown directs Academy of St Martin in the Fields (2090 2156)

THEATRE

A new production of Euripides' Cyclops, directed by Friedo Solter, opens at Deutsches Theater on Sat (2844 1225). Peter Zadek's Vienna Burgtheater production of The Merchant of Venice can be seen at Berliner Ensemble (282 3160). Maxim Gorki Theater's repertory includes Pirandello's The Mountain Giants and Athol Fugard's Master Harold and the Boys (208 2783). Ibsen's Hedda Gabler can be seen at Schaubühne, in a new production directed by Andrea Breth (890023)

● Tickets and information for theatre, revues, concerts and nightclub shows available from City Center Theater und Konzertkasse, Kurfürstendamm 16 (tel 882 6563 fax 882 6567) and Theaterkasse im Europa-Center (tel 261 7051 fax 261 9286)

■ NEW YORK

THEATRE

● Angels in America: Tony Kushner's epic two-part drama - about religion, sex, Aids and corrupt politics - conjures a vision of America at the edge of disaster. Part one is Millenium Approaches, part two Perestroika, played on separate evenings (Walter Kerr, 219 West 48th St, 239 6200)

● Four Dogs and a Bone: John Patrick Shanley's satirical comedy about movie-making and power plays in Hollywood was a big hit off-Broadway last autumn (Lucille Lortel, 121 Christopher St, 239 6200)

● Later Life: A.R. Gurney's witty, perceptive play about a man and woman who meet after a 30-year separation (Westside, 407 West 43rd St, 307 4100)

● The Sisters Rosensweig: Wendy Wasserstein's play, a comedy with serious undertones, about the reunion in London of three American Jewish sisters (Ethel Barrymore, 243 West 47th St, 239 6200)

● Heartbreak House: Shaw's drama, set in England on the eve of the first world war, about people so saturated in pleasure that they have lost purpose. Directed by Richard Corley (Bouwerie Lane, 330 Bowery at Bond/Second Streets, 677 0060)

● She Loves Me: the 1963 Bock, Harnick and Masteroff musical is a delicate, unabashedly simple story with all the humanity, integrity and charm that Broadway's mega-musicals lack (Brooks Atkinson, 256 West 47th St, 307 4100)

● Kiss of the Spider Woman: the Kander and Ebb musical with a star performance by Chita Rivera in the title role (Broadhurst, 235 West 44th St, 239 6200)

● Blood Brothers: Willy Russell's musical about twins who, separated at birth, eventually meet and fall in love with the same girl. Featured in the cast are David Cassidy and Petula Clark (Music Box, 239 West 45th St, 239 6200)

OPERA/DANCE

Metropolitan Opera Tonight's performance is the first this season of Aida, with a cast including Sharon Sweet, Stefania Toczyska and Michael Sylvester (in repertory till Feb 17). Hildegard Behrens and Brigitte Fassbaender head the cast in Elektra tomorrow, Sat matinee and next Thurs. Mariella Devia sings the title role in Lucia di Lammermoor on Wed and Sat (in repertory till Feb 10). The final performance this season of I Lombardi with Pavarotti is on Thurs. Le nozze di Figaro is revived next Mon, and a new production of Britten's Death in Venice opens on Feb 7 (362 6000)

State Theater New York City Ballet's winter season runs daily except Mon till Feb 27, with matinee and evening performances on Sat and Sun (870 5570)

CONCERTS

Avery Fisher Hall Thurs, Fri, Sat, next Tues: Neeme Järvi conducts New York Philharmonic Orchestra in works by Langgaard, Bruch and Sibelius, with violin soloist Nadja Salerno-Sonnenberg. Sun afternoon: I Musici play baroque concertos (875 5030)

Carnegie Hall Tomorrow: Radu Lupu piano recital. Thurs: Kronos Quartet gives New York premieres of works by Gubaidulina and Gorecki. Fri: Richard Stoltzman plays Mozart's Clarinet Concerto with New Haven Symphony Orchestra. Sun afternoon: Robert Shaw conducts Britten's War Requiem. Feb 1, 3: Israel Philharmonic Orchestra (247 7800)

■ PARIS

OPERA/DANCE

Opéra Bastille The Paris stage premiere of B.A. Zimmermann's Die Soldaten takes place on Sat with a cast led by Franz Mazura, Lisa Saffer and Helga Dernesch, in Harry Kupfer's 1987 Stuttgart production conducted by Bernhard Kontarsky (repeated Jan 24, 27, 29, 31, Feb 2). A new production of Salome opens on Feb 5, starring Karen Huffstodt and Leonie Rysanek (4473 1300)

Palais Garnier Ballet de l'Opéra de Paris presents John Neumeier's 1974 production of Nutcracker on Wed, Thurs and Fri this week, and from Tues to Fri next week. Feb 9-28: Nijinski triple bill (4742 5371)

Châtelet Ballet Cristina Hoyos is in residence till Sun with a new flamenco work (4028 2840)

CONCERTS

Théâtre des Champs-Elysées Tonight: Michel Dalberto piano recital. Tomorrow: Philippe Herreweghe conducts Chapelle Royale and Collegium Vocale in Handel's 1740 oratorio L'Allegro, il Penseroso ed il Moderato. Wed: Vladimir Spivakov directs Moscow Virtuosi in works by Bach, Shostakovich, Schnittke and Mozart. Thurs and Sat: Barbara Hendricks. Fri: Jordi Savall conducts Arriaga and Beethoven. Sun morning: Paul Badura-Skoda piano recital. Jan 31: Yevgeny Kissin (4952 5050)

Châtelet Sun morning: Talich Quartet. Next Mon: Boulez conducts Boulez (4028 2840)

Salle Pleyel Wed, Thurs: Djansug Kakhidze conducts Orchestre de Paris in works by Liszt and Strauss, with piano soloist Hélène Grimaud (4561 0630)

JAZZ/CABARET

New Orleans jazz singer Phillip Manuel is in residence this week at Lionel Hampton Jazz Club (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)

THEATRE

● The Rise and Fall of Arturo Ui, Brecht's Nazi allegory, is directed by Jérôme Savary at Théâtre National de Chaillot, with Guy Bedos in the title role. Daily except Mon till Feb 26 (4505 1450)

● Ibsen's The Wild Duck has joined the repertory of the Comédie Française, directed by Alain Françon (4015 0015)

● Maxim Gorki's pre-revolutionary drama Children of the Sun (1905) is directed by Lluis Pasqual at Odeon-Théatre de l'Europe. Daily except Mon till Feb 27 (4441 3636)

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4952 5356

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

Monday Super Channel: West of Moscow 1230.

Super Channel: Financial Times Reports 0630

Wednesday Super Channel: Financial Times Reports 2130

Thursday Sky News: Financial Times Reports 2030; 0130

Friday Super Channel: European Business Today 0730; 2230

Sky News: Financial Times Reports 0530

Saturday Super Channel: Financial Times Reports 0930

Sky News: West of Moscow 1130; 2230

Sunday Super Channel: West of Moscow 1830

Super Channel: Financial Times Reports 1900

Sky News: West of Moscow 0230; 0530

Sky News: Financial Times Reports 1330; 2030

Arts Guide

Monday: Berlin, New York and Paris.

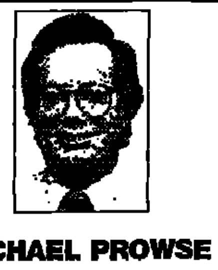
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.

Wednesday: France, Germany, Scandanavia.

Thursday: Italy, Spain, Athens, London, Prague.

Friday: Exhibitions Guide.

Meistersinger school is now outdated



MICHAEL PROWSE on AMERICA

I confess that I was once a card-carrying member of the *Meistersinger* school of training. I used to admire the strict German apprenticeship system which has its roots in the medieval guild society depicted in Wagner's famous opera. Like much of the UK economics establishment, I fervently believed that a *laisser faire approach to vocational* training accounted for many of British industry's failings.

Modern mastersingers do not claim that apprenticeships are needed in every sector. But they do believe strongly in a formal system of vocational qualifications, with minimum periods of study and strict examinations. They are convinced that training cannot be left to the free market. Some collective mechanism – either the government or quasi public entities such as chambers of commerce – is deemed essential if workers are not to be shortchanged.

Interventionists will be comforted to learn that top Clinton administration officials such as Mr Robert Reich, the labour secretary, are greatly impressed by continental European training methods. Time and money permitting they will expand the role of the federal government.

Yet I have to say that my enthusiasm for public intervention on training is waning. No country could flout the mastersinger rules more defiantly than America. The educational system is unquestionably biased towards academic studies. There is no national system of vocational standards such as Britain is struggling to create. Companies are left largely to their own devices. A ragbag of ineffectual public-*sector training schemes is* directed mainly at the disadvantaged.

The US thus ought to be in a terrible mess. If the mastersinger school's arguments were sound, the US would be bedevilled by shoddy workmanship and poor service. Yet neither anecdotal evidence nor economic statistics bear out these worries.

The service in US restaurants, hotels and department stores is generally attentive and friendly even if employees lack formal vocational qualifications. Plumbing and central heating systems are not constantly breaking down. There is little evidence of blue-collar incompetence.

The macroeconomic figures are even more impressive. Contrary to some claims, Germany and Japan remain less efficient than the US. Throughout this century, the US has enjoyed much higher levels of manufacturing productivity than any of its rivals. Most studies – including those by the Organisation for Economic Co-operation and Development – indicate that it has extended its productivity lead in the past decade. Its share of world export markets is rising and it is doing particularly well in sectors such as capital goods that require high levels of technical expertise.

The mastersingers must find the US's success baffling. According to their theories, private-sector training efforts must be blighted by a serious "market failure". In free markets, companies will always spend too little on training because they do not own their workers and so cannot prevent poaching by free-riding competitors. Companies that save money by not training, it is said, can afford to pay the slightly higher wages needed *to bid away workers from* those that do. At root, this is the argument used to justify a host of interventions, from publicly financed training schemes to mandatory training levies.

Now it would be foolish to deny that fear of poaching does not sometimes deter useful training. But the market failure is surely far less severe than usually claimed. Provided markets are competitive, companies can make profits only if they use all their resources efficiently. In most cases, labour is the single most important resource. Are we to believe that the efficient use of labour does not involve training? Are we to believe that fear of poaching is more potent than fear of bankruptcy which is the only long-term prospect for a company that fails to train its workers adequately?

And consider matters from an employee's point of view. *Suppose I work for a company* that invests heavily in training. Am I going to be lured by the prospect of more pay in the short run from a fly-by-night operator that offers no training? What kind of long-run prospect would I have at a company that does nothing to improve the skills of its workforce?

Of course, in any sector some companies will not provide sufficient training. But this is tantamount to saying that some companies will always be poorly managed: some companies will fail to use any of their resources efficiently. Rather than becoming obsessed with training *per se*, the challenge for policy makers is surely to sharpen corporate performance generally. The lesson from the US is that lowering barriers to competition is usually by far the most potent spur.

Consider the motor industry. Do even the mastersingers believe that training levies or federal programmes to upgrade worker skills could have raised the productivity of US car makers significantly in the 1980s? Surely it is obvious to everybody that nothing could have had a more beneficial impact on Detroit than competition from Japan.

In a Wagnerian guild economy, authoritarian training systems are essential. Every*body needs to know their place* and to possess the right paper credentials. The state or a collective employer body must supervise training. But in a market economy, the efficient level of training will be determined automatically by the changing pattern of consumer demands.

If you find this conclusion unacceptably Panglossian, then please explain the US's industrial record. The country that leaves training almost entirely to the market has the highest level of productivity. End of argument.

Wrapped in a mutual embrace

John Barham and Angus Foster look at progress towards economic integration in Latin America

When the presidents of Brazil and Argentina meet in a tiny Uruguayan colonial town today, long-running arguments are likely to be heard around the table. Brazil and Argentina are at loggerheads over Argentine complaints that it is a dumping ground for cheap Brazilian industrial products.

But the two presidents might pause and contemplate how much has already been achieved in integrating their two economies in Latin America's largest free-trade area. After decades of virtually ignoring each other as export markets, largely because of trade barriers and a preference for selling to Europe and North America, the two countries are discovering their mutual attractions.

The free trade initative, known as Mercosul in Brazil and Mercosur among its Spanish-speaking neighbours, was signed in March 1991 between Brazil, Argentina, Uruguay and Paraguay. It called for the free movement of capital, goods and services between the four countries, and for the establishment of a common tariff system for trade with non-Mercosul countries by the end of this year. Tariffs on goods ranging from Roquefort cheese to metal doors have already been cut by up to 80 per cent.

But trying to set up in four years what took the European Union nearly 40 has led to problems.

Brazil and Argentina, which account for more than 95 per cent of Mercosul's GDP, have been arguing since the middle of last year about which industries should enjoy special protection. They are now expected to announce a list of goods, for example Brazilian telecommunications, which would retain local rather than common external tariffs until the end of the century. This would protect sensitive sectors from more efficient foreign competition.

Because of such exclusions, the original intention of totally free trade is unlikely to be met by 1995, and will probably have to wait until later in the decade or perhaps the next century.

But businesspeople in Brazil and Argentina say they are realising the advantages of closer economic ties, despite the diplomatic disputes. Trade is growing rapidly and looks set to continue to accelerate even if the free-trade agreement does not meet its deadline.

Trade between the two countries increased 63 per cent to \$4.93bn (£3.33bn) in 1992, helped by falling tariffs. In the first quarter of last year, the latest figures available, trade between the two grew 57 per cent to \$1.34bn over the same period in 1992. The growth, from a low base, has mainly come from Brazilian exports of industrial products ranging from cars to chemicals and Argentine exports of agricultural goods and oil, reflecting the two economies' relative strengths.

Foreign and domestic companies are starting to look at Brazil and Argentina as a single market. Autolatina, the holding company for Volkswagen and Ford's combined operations in the two countries with an annual turnover of about \$8bn, last year completed a three-year programme to standardise all products and parts for both markets, which were previously treated separately. A new factory in Córdoba, Argentina, is now supplying about 90 per cent of the transmissions used in the company's Brazilian-built mid-sized cars.

"These sorts of product decisions show our confidence in Mercosul. You don't move production unless you are confident," says Mr Pierre-Alain De Smedt, president of Autolatina.

Food companies are making similar moves. Sadia, one of Brazil's largest food companies, recently set up a joint venture in Buenos Aires with an Argentine company to oversee distribution of its products.

Carlos Eduardo Sant'Anna, the Sadia director responsible for the joint venture, says: "Argentina is not just another foreign market, but *the* foreign market for us. We see a belt that goes from Rio de Janeiro, São Paulo, southern Brazil and Buenos Aires to Santiago [the Chilean capital]. Here you have 65 per cent of South America's GDP."

Growth in trade has been rapid partly because Argentina and Brazil are complementary economies. Argentina is rich in energy, Brazil is not. Argentina last year became Brazil's second-largest oil supplier behind Saudi Arabia. Most of Brazil's electricity is produced by hydroelectric dams, whereas Argentina has a large thermal system.

Moreover, Argentina has big grain surpluses, while Brazil is a net food importer. Argentina's industry is obsolete. If it is to grow, it needs the economies of scale which free access to the much bigger Brazilian market can provide. Brazilian industry is more competitive than Argentina's and is attracted by the prospects of adding 33m Argentine consumers to the 150m in Brazil.

Cross-border links are not just a corporate phenomenon. For example, tourism is developing and about 700,000 Argentine tourists are expected to take their holidays in Brazil this summer.

Argentines travelling to Brazil have brought back some of their neighbour's consumption habits, such as a passion for ice-cold beer. Brahma, Brazil's biggest beer company, last year began trucking bottled beer 1,000 miles from one of its breweries in southern Brazil to Buenos Aires, aiming for a 3-4 per cent share of the Argentine market over the next two years. Now it is planning a brewery near Buenos Aires.

Such links are fuelling tensions as well as growth. Some Argentine industries, especially textiles, paper and steel, have complained of a flood of cheaper Brazilian imports as tariffs have come down. In response, Argentina started in 1992 imposing a number of protectionist measures, such as anti-dumping measures against Brazilian farm machinery and spark plugs.

There are concerns in Brazil, too. In the southern Brazilian state of Rio Grande do Sul, which borders Argentina and Uruguay, farmers are worried that they will soon have to compete with products from across the frontiers, where land is cheaper and the soil more fertile.

"Rio Grande do Sul is perhaps the state most threatened by Mercosul, especially our products like jams, vegetables and wines, and these employ a lot of people," according to Mr Dagoberto Lima Godoy, president of the state's federation of industries.

Companies on both sides say there are limits to how far integration can go. Cultural differences are one reason. Brazilians prefer two-door cars while Argentines prefer four-door models; and emission standards are higher in Brazil.

Economic differences have also led to problems. Argentina boasts a growing economy, with inflation running at an annual rate of 7.4 per cent last year, but an overvalued peso. Brazil is plagued by annual inflation of 2,500 per cent and an undervalued currency. This has led to Argentine claims that Brazil is dumping products, an accusation hotly denied by the Brazilians.

Trade in services is still underdeveloped and faces restrictive government rules which hinder foreign access to markets. A body to resolve trade disputes, perhaps similar to the European Court, has been delayed because it raised the sensitive issue of diminished sovereignty.

A very poor communications infrastructure is also a constraint. There are no rail connections because each country has a different gauge. Goods therefore have to be moved via often poor road networks, especially on the Argentine side, and bureaucratic customs procedures. Lorry drivers usually have to wait at the border for a day for paperwork to be processed. Because of different rules on truck sizes, haulage companies have to swap trucks at the border.

As with the free-trade agreement, progress towards tackling these constraints is likely to be slow. Nevertheless, businessmen such as Mr De Smedt of Autolatina are optimistic that solutions will emerge in the long term and free trade will blossom. "There is a positive trend. We feel there is a willingness at government level to make it happen. The timing is not certain but let's hope they manage it by the deadline," he says.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Fairness each side of boundary

From Councillor Richard Arthur.

Sir, After the remarkable revelations about the City of Westminster's decisions, your readers may well ask where Westminster gets its money from in the first place.

As a neighbouring borough, with similar population but much higher levels of deprivation, Camden gets £21m less per year from government grants.

Despite this, we have no problem in comparing key services nose to nose. Camden's education results are better than Westminster's across the board. Camden no longer uses bed and breakfast accommodation for homeless families, while Westminster is still spending some £8m per annum on this very unsatisfactory form of accommodation.

Surely the Westminster story stresses the need for the redistribution of government and political favouritism? Only then can the average citizen know that he or she is being dealt with fairly, as compared with someone the other side of a borough boundary.

Richard Arthur,
leader of the council,
The Town Hall,
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London NW1 2RU

Right route to self-regulation

From Dr George Greener,

Sir, In the light of your leader ("An end to foot-dragging", January 12) on the prospects for the Personal Investment Authority, we wish to declare our support for the formation of a properly constituted PIA.

We believe it is our duty to work within the context of government policy which we understand to be in favour of both de-regulation and self-regulation. The industry must continue to seek ways to take responsibility for and improve its own conduct and demonstrate that it can make self-regulation work.

Since its inception, we have been strong advocates of the PIA – ensuring a level playing field which will unify the industry, and win back the confidence and respect of consumers.

In the vast majority of cases the industry discharges its responsibilities to consumers both properly and professionally. The financial services industry plays a vitally important role in family and business life, and it is of great concern that it is not currently held in higher esteem.

Agreement on and support for a properly constituted, single regulator will help to achieve this, while at the same time addressing those issues which need attention. We are concerned to note the dislocations which are arising in the building of that partnership; the PIA needs the support of all practitioners in order to be effective.

We share some of the deep concerns being expressed about aspects of PIA, the costs involved in establishing it and the nature of its governance. We do not believe, however, that such problems are insurmountable. We believe that a "top-down" approach to the establishment of the PIA, with a supervisory board comprising a majority of genuinely senior public interest members – chosen for their objectivity and experience, overseeing an executive committee drawn from practitioners – would produce the right solution.

The PIA remains achievable, but needs help to regulate effectively a fast-growing and complex industry. We look forward to studying the PIA prospectus, which we understand will be available very soon, and which we hope will allay our residual concerns.

George Greener,
chairman,
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chairman,
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London SW1H 0NL

Use of foetus to treat infertility 'abhorrent'

From Denise Gething.

Sir, I read with disgust your leader, "Using the foetus to treat infertility" (January 14).

The idea of using aborted babies to fulfil the desires of childless couples is abhorrent. Is it not bad enough consciously to discard a baby without extracting *a la carte* organs to boot?

Then there is the point of the child eventually needing to know who its parents were. There, no doubt, would be incredible problems trying to explain how its parent was killed and the child was a product of ovaries removed before disposal of the foetus. The psychological impact would be devastating.

Surely the option of adoption would be preferable to the above. At least, for the child, there is something tangible to seek, should the occasion arise.

Apart from the parental issue, it is immoral to dissect an unborn child to satisfy the wishes of others. This issue is not something that should become tolerable or bearable in time.

We, as human beings, are creatures on this earth and as with all the other species, nature has its own method of population control. Why can we not accept whatever lot we are given and live as nature intended?

Denise Gething
12 Churchlands,
Bray,
County Wicklow,
Ireland

Out of step

From Mr Greville Warwick.

Sir, With particular reference to the letter from Harold Hughes (January 8/9), could it be that British travellers in European Union states experience frontier crossing difficulties because, unlike all *other* EU states, Britain has no proper personal identity card system?

In the absence of such sensible documents British citizenship or legal status cannot be readily known without constant reference to our passports.

It is not the EU at fault; it is Britain that is behind the times, out of step and out of order.

Greville Warwick,
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Confusing trend in use of English language

From Ms Sylvia P Webb.

Sir, Are British publishers aiming to dispose of one of their key assets – the English language? Or is the American market the only focus of their attention, despite the increase in British book sales over the recent Christmas period?

I received two books at Christmas which give rise to such questions; one was the well-reviewed *Wild Swans* – Jung Chang's autobiographical view of the development of communism in China; the second Paul Merton's satirical impression of the *History of the Twentieth Century*. Both were printed and published in Britain and in each the authors in their introduction make specific mention of the use of English words.

Therefore the authors cannot be pleased to see American spellings in their books. One has a PhD in linguistics from a British university and teaches in London, and the English language must surely be central to the work of an essentially English humorist. *Wild Swans* contains examples such as "somber" and "maneuvring" throughout. The *Merton* book is not consistent in its choice, but just on one page we see a noun and its related verb both spelt as "practise", along with the use of "offense".

Is it by accident or design that the American rather than the English version of the "spell-checker" seems to be in use, when most word processing packages offer both? No wonder that so-called "typos" regularly appear in a range of publications (although rarely in the FT).

Those seeking to learn and use the English language today, especially by reading, and to understand its origins and nuances, must be thoroughly confused.

This raises a final question. Should the government really be seeking further to involve businesses in British education?

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Italy's debt to Mr Ciampi

Italy's political landscape is about to be redrawn. With President Oscar Scalfaro's dissolution of parliament ahead of new elections in March, the interim government of the technocrat prime minister, Mr Carlo Azeglio Ciampi, is near the end of its life. The next government will almost certainly be chosen from parties quite different from the ones that have dominated Italy since the second world war. The obvious question now is whether Mr Ciampi and his predecessor, Mr Giuliano Amato, have carried out the reforms needed if Italy is to enjoy a good chance of stability under the new regime. On balance, the answer is yes.

Two successive budgets have attacked the huge fiscal deficit and government debt, the highest among major OECD countries. In 1992, there was a primary budget surplus (before interest payments) for the first time in over 30 years. On a cyclically adjusted basis the overall budget deficit is set to shrink by 3 per cent of gross domestic product over the two years to 1993, much the biggest fiscal tightening in this period among major OECD countries.

Particularly impressive has been the willingness to tackle structural fiscal problems, rather than repeat the one-off measures often used in the past. Public employment, pensions, health care and local authority finances were all dealt with under special powers obtained in October 1992. The 1994 budget, announced in September, aims to cut the fiscal deficit to 8.7 per cent of GDP, largely as a result of expenditure cuts, the tax burden on the country already being one of the highest in the OECD. The new medium-term economic programme presented in July 1993 aims to stabilise the public debt ratio by 1995 and reduce the budget deficit to 5.8 per cent of GDP in 1996.

The civil service has been made more efficient, while a far-reaching privatisation programme, launched by the Amato government in 1992, represented an attack not only on the fiscal deficit but on the historic role of the state. Public banks, insurance companies, industrial firms and utilities are all to be sold off.

Labour market reforms have also been instigated in an attempt to attack high, rising and, in large measure, structural unemployment. Inflation remains low and is likely to fall, despite the devaluation. Elimination of wage indexation has greatly assisted the achievement of this objective.

Economic recovery depends in large part on the return of domestic confidence, itself dependent on the success of the reforms. For this reason, the switch to a new electoral system is an important step. The lack of domestic confidence has left exports, strongly stimulated by the 20 per cent effective devaluation of the lira since September 1992, to play a large part in sustaining economic activity.

Much remains to be done. The momentum of fiscal consolidation must be maintained, since the government deficit is estimated to be 9½ per cent of GDP in 1993 and public debt is 114 per cent and rising. It will also be important to secure effective regulation of privatised utilities, prevent privatised companies from returning for fiscal hand-outs and improve tax collection. Coping with the consequences for employment of shrinking the public sector and privatising public-sector enterprises may be the most difficult challenge of all.

The governments of both Mr Ciampi and Mr Amato have pushed reform forward bravely. But the newly elected leaders of the republic must build on these achievements if they want their country to take the place Italians seek in the premier division of the European economic league.

Gaidar departs

"I cannot at one and the same time be in government and in opposition to it." So did Mr Yegor Gaidar, architect of Russia's reforms and leader of the largest reformist party, Russia's Choice, justify his refusal to serve as first deputy prime minister. His judgment was right. The question is where this leaves President Boris Yeltsin, Russian reform and the western governments that have tried to sustain them both.

In justifying his announcement, Mr Gaidar pointed to decisions to forge a monetary union with Belarus and spend $500m on a new parliamentary building. The second of these is outrageous, but the first is serious.

The ability of the central banks of other members of the rouble zone to expand Russia's money supply at will made monetary control impossible. In the last two months these credits had been turned off. Now, fear the reformers, the monetary spigot will be turned on once more.

Of the other economic reformers, Mr Anatoly Chubais may continue to run privatisation, though the benefits of that flagship policy will be gravely compromised by the willingness of the state to supply money it does not have. Mr Boris Fyodorov, the finance minister, has not yet decided whether he will serve. But his conditions include the departure of Mr Viktor Gerashchenko, the chairman of the central bank, something he is about as likely to obtain as Russia is to embark on coherent reform. Mr Grigory Yavlinsky, who may take Mr Gaidar's place, is a firm believer in an economic union among the successor states of the former Soviet Union. But he has radical hopes for de-monopolisation, which are virtually certain to be disappointed.

Except perhaps in the first few months of 1992, Russia has never enjoyed what people in the west would call a government. The government has been more like a parliament, while parliament tried to govern. This is the knot Mr Yeltsin hoped to cut by dissolving the old parliament. Unfortunately, his brave gamble failed. He now confronts a parliament that is more legitimate and more firmly opposed to reform than before. Ostensibly, he possesses greater powers himself, but it is doubtful whether he can use them.

Mr Gaidar's departure clarifies the challenge facing the president. Mr Yeltsin must decide whether he is cohabiting with his opponents or in charge of the government. He cannot be both. At present, the new government looks doomed to be one of the printing press and the half measure, of nationalistic assertion abroad and craven weakness at home. If so, Mr Gaidar is well out of it.

Games duopoly

Sonic the Hedgehog and *Super Mario Brothers* have captured the hearts and minds of children throughout the world. But, at a cost of anything up to £60 a time in the UK, video games are anything but cheap. Hence, last week's decision by Britain's Office of Fair Trading to refer the industry to the Monopolies and Mergers Commission.

There is a strong *prima facie* case that prices are artificially high because of insufficient competition. Sega and Nintendo, the two Japanese companies which dominate the £9bn-a-year global market, have a combined market share of over 90 per cent. They have used this duopoly power to earn fat profit margins.

The duopoly's dominance is not confined to hardware. It embraces software too, as anybody wishing to produce games to use in Sega's and Nintendo's machines must first reach a licensing arrangement with the companies.

A further concern in the UK has been that video games are roughly 30 per cent more expensive than in the US. This is partly because retailers' margins and indirect taxes are higher in Britain. But it is also possible that Sega and Nintendo are charging higher wholesale prices than in the US. Their use of different technical standards on either side of the Atlantic suggests that they may be segmenting the market in order to discriminate on prices.

But even if the Monopolies Commission finds that the duopoly operates against the public interest, it will face a tricky task deciding what to do. One option would be to impose price controls. But such heavy-handed action would prevent competition developing.

Another option would be to attack the licensing arrangements which enable Sega and Nintendo to extend their dominance in hardware to software. Such an approach would complement legal moves in the US and Britain by rival software producers which wish to sell their games direct to customers without paying royalties to the duopoly.

The snag here is that licensing arrangements are often global in scope, so action by the UK alone could have only limited impact. Many software suppliers might not wish to compete aggressively with Sega and Nintendo in Britain if they were still tied to them in other markets.

The final option is to do nothing and allow market forces and technological advances to undermine Sega's and Nintendo's dominance. That may seem a cop-out. But given that Sony and Matsushita, the Japanese consumer electronics giants, have been tempted into the market by its high margins, inaction may not be such a bad idea.

Former Spurs boss Terry Venables is a leading candidate to take over as England's football manager. **Martin Bashir** and **Mark Killick** raise disturbing concerns over his business dealings

Venables: the questions

Mr Terry Venables, the controversial former chief executive of Tottenham Hotspur, stands on the verge of the promised land.

According to the headlines, he is about to become the next manager of England, the most important job in British football. He is the choice of much of the football establishment, the media and of fans desperate for success after England's ignominious exit from the world cup last year. But the delay in making the appointment indicates unease at Lancaster Gate, the home of the Football Association: Mr Venables may be a tainted man.

Among other things, the FA has been considering allegations made four months ago by Panorama, the BBC current affairs programme. Panorama said that some of Mr Venables' business activities were "unlawful" and that he had "abused his position" at Tottenham Hotspur, one of Britain's top football clubs. While Mr Venables has threatened to sue Panorama, he has failed to deal with substantive charges made in the programme. Since the BBC investigation, there has been a number of additional charges made across the media.

The charges might not matter if the England manager were responsible only for picking the team. In fact, he assists in scheduling matches, appoints coaching staff and is involved in commercial activities such as sponsorship. He is also England's most important football ambassador. As a result, there is pressure to choose someone whose reputation is beyond reproach.

The task of reaching a judgment on Mr Venables has confused the football authorities. On the one hand, he is widely regarded as a first class, internationally-experienced coach. He is also available. On the other hand, there are the doubts about his business life. So far, Mr Venables has responded to the charges with general denials which leave questions unanswered.

Sir Bert Millichip, the FA chairman, was quoted at the weekend as referring to Mr Venables' "funny reputation". Also, the fact that Mr Venables still has an unfair dismissal action pending against Mr Alan Sugar, the chairman of Spurs, raises the uncomfortable thought that the next England manager could be locked in litigation against the boss of a leading club.

The most damaging allegation against Mr Venables concerns the way that he raised £1m to pay for part of his £3m stake in Spurs. Mr Venables, along with Mr Sugar, bought control of the club in June 1991. Prior to this buyout, Mr Venables was being paid £175,000 a year as manager of Spurs. He is not a rich man. Official documents show that Mr Venables had to borrow heavily to finance the deal – £2m from Norfina, a finance company, £250,000 as an unsecured loan from a friend and £750,000 "from his own resources". A year later, he was in trouble with his loan repayments. A letter from Norfina in August 1992 pointed to outstanding interest payments of £36,301.37 and threatened to call the loan into default, demanding full immediate payment.

But the most searching questions surround the £1m Mr Venables raised from Landhurst Leasing, a company which went bust, also in August 1992 and which is now the subject of a Serious Fraud Office investigation. This deal appears to have involved Mr Venables pledging assets of another company of which he was once a director, Transatlantic Inns. Prior to its collapse in 1992, Transatlantic managed a handful of pubs. Its main assets were the premises' fixtures and fittings.

Mr Venables, through his personal company Edennote, entered into a sale and leaseback agreement with Landhurst, in which he in effect "sold" the pub fixtures in return for the £1m, and then leased the fixtures back, making regular payments to Landhurst. This type of deal allows a business to raise money against the value of its assets while continuing to use the assets to trade.

A document signed by Mr Venables and two Landhurst directors on August 30 1991 confirmed the deal. The agreement names Edennote as the lessee and refers to an attached schedule of equipment. The schedule refers to "all structural fixtures and fittings, bars, kitchen equipment, audio equipment, furniture and carpeting" from four pubs: Maceys in London, The Cock and Magpie in Epping, the Granby Tavern in Reading and the Miners in Claremount Road, Cardiff.

An obvious point is that £1m is a large sum to set against some worn pub fittings, which a professional valuer has suggested were worth in the region of £100,000. Such valuation gaps, however, are not unknown in sale and leaseback, where the leasing company believes a business is trading well enough to meet its payment terms.

What cannot be so easily explained is why the fourth pub on the list, the Miners in Cardiff, does not exist. Nor has an explanation been offered for the fact that, according to Transatlantic's accounts, filed at Companies House, Mr Venables resigned as a director of Transatlantic Inns on June 28 1991, two months before he entered into the transaction.

Mr Colin Wright, a director of Transatlantic, said yesterday: "We were horrified when we discovered that all of the assets of Transatlantic had been used by Mr Venables to raise a £1m loan. None of the directors of the company had authorised such a transaction. The implications were terrible for us. We could have been looking at a massive tax liability and to the outsider it could appear that we were involved in this deception, which we knew nothing about."

The cash, meanwhile, had gone into Edennote just six days before most of it was used to buy shares in Tottenham. To help the leaseback deal along, Landhurst was paid an arrangement fee by Edennote, and also received a perk. Mr Venables instructed Spurs' marketing department to provide Landhurst with a £20,000 executive box at Spurs, free for the entire season.

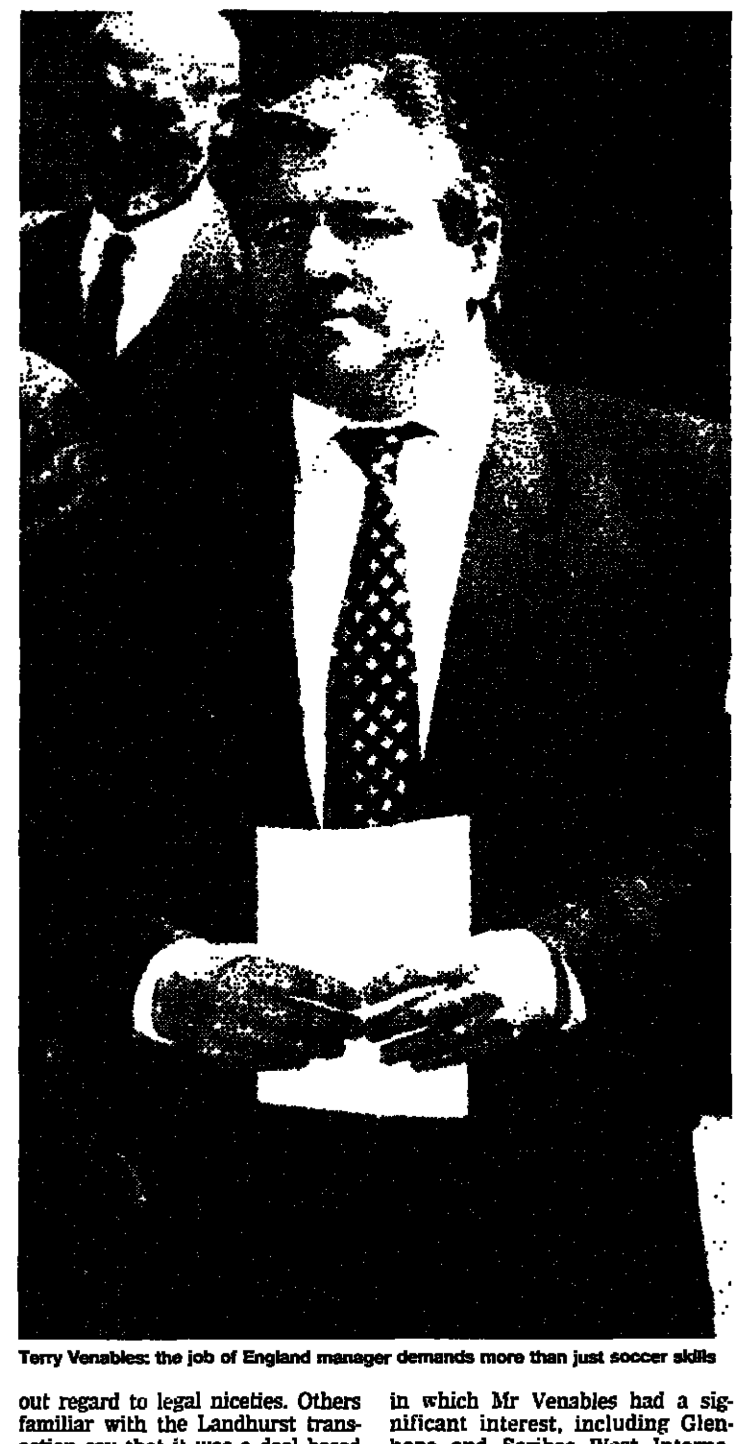
Panorama tracked the flow of cash into and out of Edennote, using bookkeeping data prepared for the company, copies of which have been given to the programme. These show that the quarterly leaseback payments of £55,812.50 to Landhurst specified in the original lease document were made as agreed, for example on November 8 1991, and January 15 1992.

Mr Venables has declined to be interviewed about these matters either by Panorama or the Financial Times. According to a letter from his solicitor, Burton Copeland, to the FT: "It is neither right or appropriate for Mr Venables to enter into a detailed dialogue of matters that will, in due course, be fully ventilated before the court."

Mr Venables did address in the letter, however, the question of the lease agreement on the pubs, with the comment: "It is not accepted that Mr Venables signed the lease that you refer to as being dated August 30 1991."

However, a director of Landhurst at the time of the deal confirms that Mr Venables signed it and that the deal was a sale and leaseback undertaking of the kind outlined, based upon the assets of a number of pubs in which Mr Venables had an interest. A copy of the document is in Panorama's possession.

The general picture painted appears clear. Mr Venables urgently needed cash to buy his shares in Spurs and he raised it, at best, without regard to legal niceties. Others familiar with the Landhurst transaction say that it was a deal based essentially upon personal trust between Mr Venables and Mr Ted Ball, the founder of Landhurst.



Terry Venables: the job of England manager demands more than just soccer skills

Since the programme, the Inland Revenue has been examining Mr Venables' affairs. The Department of Trade and Industry has also expressed an interest in Edennote, though its concerns are wider than the lawfulness of the sale and leaseback deal. It has examined Mr Venables' offer documents for Tottenham Hotspur, in which Mr Venables claimed that Edennote "will have equity of £1m" and that £750,000 would come "from his own resources". In fact, the £750,000 had been raised from the pubs deal and the company's file shows no record of any increase in its authorised share capital from the £12,500 at the time of the offer.

Panorama's second tranche of business-related allegations revolved around Mr Venables' financial adviser, Mr Eddie Ashby. According to the programme, Mr Ashby used a venture capital company called Elite Europe to try to build an apparently wide-ranging business group. It was partly financed by money from companies in which Mr Venables had a significant interest, including Glenhope and Scribes West International, a club in Kensington, now the subject of a winding-up order.

Mr Ashby prepared a balance sheet for Elite Europe, apparently showing assets of £597,000, and then used it to try to borrow substantial sums from at least two finance houses. This scheme failed when one of the companies featured in Elite's bid to raise funds realised its assets had been grossly overstated and promptly severed all contact with Elite. While Mr Venables had some knowledge of Mr Ashby's activities, it is not clear that he knew of Mr Ashby's ultimate plan.

What Mr Venables indisputably did know was that Mr Ashby had been made bankrupt in 1992, with debts of £443,212. Mr Ashby also had 39 business failures to his name. Despite this, Mr Venables appointed him as Tottenham Hotspur's general manager shortly after the takeover and he remained in post until Mr Venables was dismissed.

Mr Venables' persistent relationship with Mr Ashby has been a source of acute concern to some of those responsible for making the decision about the England managership. There has even been talk that Mr Venables could be offered the job, so long as he agrees to sever links with previous business associates.

For many of England's long-suffering fans, Mr Venables' behaviour as a businessman is irrelevant. Some argue that his record as a soccer manager is unblemished. However, a number of serious questions have also been raised about his dealings within the game.

Panorama examined the sale of Paul Gascoigne to the Italian club, Lazio. The selling process began in March 1991, some three months before Mr Venables and Mr Sugar bought Spurs. Mr Dennis Roach, a football agent, was employed to find a buyer and Lazio was persuaded to pay £6.7m for England's most talented player. But, during the FA Cup Final in May, Gascoigne suffered the worst injury of his career and the deal had to be renegotiated. Lazio still wanted Gascoigne, but not at the old figure. Negotiations recommenced and in early June revised terms began to take shape.

On June 20 1991, one day before the Venables-Sugar takeover, Lazio's lawyers sent a fax to Spurs offering £5.5m for Gascoigne – the price at which the deal was ultimately done. The player signed for Lazio on August 1 and according to board minutes a payment of £27,500 was made to Roach for his services in the deal.

However, Spurs paid a much larger sum, of £200,000, to Anglo European, a Swiss company, which acknowledges that it was only employed by the club from July 12, to assist Mr Venables in the negotiations. Mr Venables has admitted that Mr Gino Santin, a friend and London restaurant owner, helped in the transaction; Mr Santin has described himself as an employee of Anglo European. Panorama asked why Mr Venables persuaded the Spurs board to agree such a large payment when the deal appeared to be virtually complete.

Mr Venables' solicitor told the Financial Times that the payment was made with the approval of the directors on the grounds that Mr Santin had "given considerable value in the form of the services that he had rendered in connection with the transfer of Paul Gascoigne". Mr Venables has also said in other press articles that Mr Santin was crucial in adding a number of valuable elements to the deal, apart from the price. These include the proceeds of interest payments on an escrow fund established during the negotiations and the proceeds from two Spurs-Lazio matches, including TV rights.

A detailed inspection of the club's records, however, has revealed that the escrow account interest payments were agreed in May, the games in early June and Sky TV has confirmed that TV rights were negotiated directly with Mr Sugar.

The programme also uncovered a number of payments that contravened Football Association rules. One invoice, for example, came from First Wave Management, an agency which lists a number of professional footballers as its clients. It sought £58,750 for "the assistance in arranging a distribution and merchandising network on behalf of Tottenham Hotspur". In reality, it has since been admitted by Mr Frank McLintock, the former Arsenal player who runs First Wave, that part of this payment was for assisting in the transfer of a player from Nottingham Forest to Tottenham. The FA stipulates that clubs should not pay agents for procuring players, but Mr Venables signed the invoice and it was paid in cash.

Despite the seriousness of these allegations, Mr Venables remains the favourite to lead England out of the international wilderness. In narrow footballing terms, appointing him may be the correct decision. But the job of England manager demands more than just soccer skills and the FA has a responsibility to ensure the highest standards off, as well as on, the field. Unless Mr Venables can answer these outstanding questions, the FA may have no alternative but to rule him out of the game.

The authors work for Panorama. Additional reporting by Bronwen Maddox.

OBSERVER

Portillo plays the bard

■ If only all John Major's ministers displayed the kind of erudition shown by Michael Portillo, chief secretary to the Treasury, in his speech last Friday to the Conservative Way Forward President's annual dinner.

Portillo, earmarked by some Tories as favoured candidate eventually to succeed Major, gave a rousing address on "one of the greatest threats that has ever confronted the British nation" – nothing less than "national cynicism".

He recruited one of Shakespeare's least-performed plays, *Troilus and Cressida*, in support of his thesis. The play, he said, "explains how order in society depends upon a series of relationships of respect and duty from top to bottom." He then lengthily quoted Ulysses' speech in Act I scene iii:

"When degree is shaked
Which is the ladder to all high designs,
The enterprise is sick. . ."

But if Portillo had read a little further, he would have discovered that Ulysses ends by depicting a scene today's cabinet may find quite familiar:

"The general's disdain'd
By him one step below, he by the next,
The next by him beneath: so every step,
Exampled by the first pace that is sick
Of his superior, grows to an envious fever
Of pale and bloodless emulation."

Thais of regret

■ Thai bankers have a nice line in cynical humour. Chulakorn Singhakowin, Bank of Asia president, was recently asked how financial institutions could help bridge the chasm between rich and poor in Thailand. "As a banker basically you have very little opportunity to rip off the poor," replied Chulakorn, "You try to rip off the rich. All Thai banks are currently lending to people who don't need the money – classical banking."

Miracle man

■ Des Wilson, the veteran public campaigner now working for Burson-Marsteller, hopes he can work miracles. Hence he was rather upset when no one took any notice of his latest marvel – getting the Church of England to drop its opposition to the National Lottery.

Des had also got the church to back his own pet project: helping Richard Branson and Lord Young win a licence for a lottery whose profits would go to charity. David Sheppard, Bishop of Liverpool and chairman of the Church of England Board of Social Responsibility, last week issued a press release explaining why he hoped that the licence would go to "a company committed to passing on the largest possible proportion of profits to charity". Quite a PR coup.

So how come no one took any notice? Maybe because Sheppard's press release carried a rather stale December 24 dateline. Perhaps the C of E is rather touchy about miracle workers making unjustified claims.

'We could promote 'back to basics' by kissing lots of babies'

Windy words

■ Bill Foggitt, the weather sage from Thirsk, thinks Britain may face a heat wave this summer. Unmoved by recent heavy rainfalls – "it hasn't been much different than normal in Thirsk" – he reckons August may be unconventionally steamy.

"We had a good summer in 1990. That coincided with the Gulf War. It was a beautiful day when war broke out in September 1939 and we had a very hot summer in 1940."

Forebodingly, he adds that "Russia could be on again. I could see the Bosnian Serbian conflict overflowing into Macedonia and into Russia. It could lead to nuclear war."

Was he forecasting Armageddon? "No, that's the name we give an old lady who goes into the Three Tuns."

Private goulash

■ To lose one chairman is unfortunate; to lose two within a year is careless. That's the case with Hungary's AV RT state holding company, overseer of half the country's economy.

Szabolcs Szekeres picked a number of fights with his political masters during his brief, four-month tenure at the top of AV RT. He condemned electricity privatisation; defied ministers by offering foreign investors the chief executive's job in the telecoms company Matav; and gave grudging support for the government's privatisation programme.

The clash may also have been cultural. Szekeres was a re-emigré, a Hungarian-American returned from exile; they tend to have short public lives in today's Hungary. Szekeres' predecessor, Pal Teleki, also a re-emigré, met a similar fate last June.

The government may play safe next time. Lajos Csepi, currently managing director of the State Property Agency privatisation authority, and who has impeccable bureaucratic credentials, is front-runner for the empty chair.

Fourth dimension

■ Some companies haven't quite got their globalisation act together yet. Telecommunications giant AT&T is running an advertisement – "travel in a world without borders, time zones or language barriers" – which places Suriname in Africa. That's breaking down borders with a vengeance: Suriname sits in Latin America.

FINANCIAL TIMES
Monday January 17 1994

Claim embarrasses Eurotunnel ahead of expected rights issue

Channel tunnel builders launch legal action to recover £1bn

By Andrew Taylor, Construction Correspondent

British and French construction companies have presented their final bill for building the Channel tunnel by starting legal action to recover more than £1bn which they say they are still owed.

The contractors are claiming £2.6bn ($3.84bn) for installing mechanical and electrical equipment. The original amount agreed for this work was £630m at 1985 prices. The contractors say £1.5bn of the sum they are owed has already been paid.

The timing of the claim is potentially embarrassing for Eurotunnel, the project's operator, which is expected to make a £500m rights issue this spring as part of £1bn fund-raising from banks and shareholders.

Details of the contractors' demands will have to be disclosed in any rights issue document issued by Eurotunnel unless the matter can be settled beforehand,

Construction companies say the size of the claim is likely to surprise prospective underwriters. The claim would represent the final payment to contractors, all previous claims having been settled.

Transmanche Link, a consortium of five British and five French construction companies, officially handed over the project to Eurotunnel on December 10.

The builders agreed to complete the tunnel, which has been dogged by persistent rows between Eurotunnel and the contractors, only after Eurotunnel made an additional payment last summer of £235m. Eurotunnel has said that money would have to be repaid with interest if contractors could not substantiate outstanding claims.

The cost of constructing the tunnel, including interest payments, has risen from an estimated £4.8bn in 1987 to more than £10bn.

The contractors blame much of the increased cost on changes in design specifications, principally to meet increased safety standards after the Zeebrugge ferry disaster and King's Cross underground fire.

The builders say delays by Eurotunnel in agreeing last summer's interim settlement with contractors had added a further £500m to the cost of the project. Eurotunnel has strongly disputed the claims.

Negotiations between the construction companies and Eurotunnel are expected to begin shortly.

If agreement cannot be reached, the claim will be passed to an independent disputes tribunal. If the issue is still unresolved, the matter will go to final arbitration before the International Chamber of Commerce.

Eurotunnel shares which have risen more than 40 per cent since last summer, faltered last week after the company announced higher-than-expected rates for passanger crossings after the Channel tunnel opens in May. By Friday the price fell a further 5p ending at 610p.

Italy faces watershed poll in March

By Robert Graham in Rome

President Oscar Luigi Scalfaro yesterday bowed to popular pressure for a complete renewal of Italy's political establishment and dissolved parliament less than 20 months after the country's last general elections.

New elections to be held on March 27 will mark a sharp break with Italy's post-war political traditions. The scale of the uncertainties ahead led President Scalfaro to use his constitutional powers to the limit by not accepting the resignation of Mr Carlo Azeglio Ciampi, the prime minister, which was handed in last Thursday.

The introduction of electoral laws which adopt a first past the post system for 75 per cent of the parliamentary seats, will move Italy away from fragmented multi-party politics of the post-war era towards a limited number of large groupings.

The discredit of the traditional parties from corruption scandals, coupled with the introduction of new electoral laws, means the elections will be fought by untried political alliances. The campaign promises to be full of surprises and the outcome uncertain.

The centre ground, long dominated by the Christian Democrats and traditionally providing the largest number of votes, is in total disarray. Only the former communist Party of the Democratic Left (PDS) has in place a viable alliance which can muster about 40 per cent of the vote, according to the latest polls.

In a letter to parliament yesterday, President Scalfaro cited three reasons for dissolving Italy's 11th post-war legislature. The most important, he said, was the overwhelming 80 per cent vote in last April's referendum favouring electoral reform. The result showed, he said, a popular will not just for electoral reform but for a different type of parliament.

Second was the outcome of the two sets of local elections in 1993 using new electoral laws that allowed for direct election of mayors. If these results were projected on to parliamentary elections, the four-party majority backing the Ciampi government had less than 20 per cent of the vote.

Finally, President Scalfaro said the series of corruption scandals had undermined both public confidence in and the credibility of the current political class. One in every six members of the Senate and Chamber of Deputies is under investigation.

In the interim Mr Ciampi will govern as caretaker prime minister.

Thus Mr Ciampi was left having in effect retained the confidence of parliament without a vote formally taking place.

Editorial Comment ....Page 13

Assad vows to seek peace with Israel

Continued from Page 1

Yossi Beilin, deputy foreign minister, said significant words were spoken at the press conference, although mainly by Mr Clinton. Israel was waiting to hear from a US delegation last night about what was said behind closed doors: "There's an element of progress although many things remained unspoken."

The two presidents also agreed to set up a working committee under Mr Warren Christopher, US secretary of state, and Mr Farouk al-Sharaa, the Syrian foreign minister, to explore bilateral differences between the two countries. Syria is on the US black list of countries deemed to support international terrorism, but Mr Clinton was careful to refer only to "groups" operating with Syrian support, such as Hizbollah which is fighting the Israeli occupation of southern Lebanon.

Beijing warns UK of threat to trade posed by Hong Kong

By Tony Walker in Beijing and Alexander Nicoll in London

China increased pressure on Britain at the weekend with a warning that the continuing dispute over Hong Kong might have a "crippling effect" on trade.

Remarks by a senior Chinese official seemed designed to draw attention to the possible costs of the festering Hong Kong issue for British business at a moment when previously icy Chinese relations with France are returning to normal.

France announced last week that it would ban further arms sales to Taiwan. The decision by Paris in 1992 to authorise the sale of 60 Mirage jets to Taiwan led to a virtual freeze by Beijing on new agreements with French companies.

Mr Tong Jiemnin, deputy director-general for Europe at the trade ministry, told the official China Daily: "Bilateral economic and trade relations can hardly escape damage from an unco-operative and unfriendly Britain."

Western officials in Beijing said China was using the end of its bitter dispute with France to highlight possible economic penalties for Britain if the Hong Kong issue remains unresolved.

The parallel with the French case will cause additional nervousness among British companies, which have been strenuously seeking more business with China through high-level trade missions, some headed by government ministers.

The efforts have already secured a substantial increase in Sino-British trade, although from a low level. British businesses say they have seen so far no detrimental effects on trade from the dispute over Hong Kong, in spite of previous threats from Beijing.

The potential loss of big infrastructural contracts, especially in the power and energy industries, would be of particular concern to Britain.

Sino-British talks on proposals by Mr Chris Patten, Hong Kong's governor, to broaden democracy in the colony broke down late last year after 17 rounds of negotiations.

Mr Patten, some of whose proposals are now before Hong Kong's legislative council, will have talks with Mr John Major, UK prime minister, in London this week. On Thursday, he will appear before the the House of Commons select committee on foreign affairs.

Chinese customs figures show that Britain's exports to China in the first 11 months of 1993 reached $1.3bn, up 63.7 per cent over the corresponding period in 1992. Imports grew by 109 per cent to $1.63bn.

THE LEX COLUMN

Hungry for change

Britain's food retailers will be glad to have seen the back of 1993. The big three grocers were among the seven worst performing FT-SE 100 stocks last year. The sector as a whole underperformed by 34 per cent. This year has started off in better mood with the sector bouncing 15 per cent from its November floor, outperforming the market by 5 per cent over that time. There have been some encouraging trading noises from Wm Morrison and Waitrose. On Wednesday, it is hoped Tesco will add to the good news. Given the lull in the price skirmishes, it is perhaps tempting to anticipate a further run in the shares.

Falling gross margins may ensure the sector's earnings growth will lag the market for the foreseeable future; especially so if Tesco follows Argyll in depreciating its expensive assets. Yet the financial strength of leading grocers should enable them to maintain attractive dividend growth. Asda may have outperformed the sector recently but, in the longer term, it may be seen as perverse for the market to favour the weak in the industry over stronger companies like J. Sainsbury.

Yet, in truth, the current bounce may reflect little more than income-hungry investors chasing the sector's yield down to the market average. Some rebound is also natural after so savage a fall. Much further appreciation will have to rely on a dose of inflation, a reduction in store capacity or some successful diversification. With the benefit of hindsight, the misguided wave of rights issues in 1991 resulted in too much capital being hurled at the market. Some capacity will have to be removed before the bigger companies can resume growth.

Securities settlement

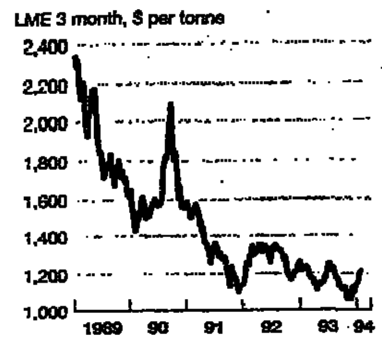
After the expensive blunder that was Taurus, London's new paperless settlement system was always likely to involve compromise in the interests of a quick fix. But the Bank of England is anxious to give institutions the opportunity to remain on company share registers even though the shares are held in nominee accounts under its new Crest system. Such designation might help protect pension funds against unauthorised selling or borrowing against their assets. The snag is that it adds enormously to Crest's complexity, since many large bargains would have to be broken down into their component parts.

Support for designation is understandable in the wake of the Maxwell affair. The Goode committee report on pension fund law reform, delivered to government in September, said it should be encouraged wherever practical. Yet Goode stopped short of recommending that designation should be made compulsory, on the grounds that the only real protection against loss of pension fund assets is better supervision of administrators and fund managers. Designation is no protection against a fund manager determined to act beyond its powers.

If designation can be incorporated within Crest without jeopardising the project, though, the Bank is right to stick to its guns. Fund managers freely admit that most of their pension fund clients are likely to opt for designation if it is available within Crest. With the security of pension funds at stake, the customer is surely right.

Aluminium

LME 3 month, $ per tonne



Source: Datastream

Aluminium

The upward drift of aluminium prices points to optimism that output cuts can be agreed when producing countries meet this week in Brussels. Given the large overhang of stocks, though, it will take more than token measures to restore the market to balance. Reducing world output by perhaps 1.5m tonnes a year would be enough to erode stocks and allow base metals bulls to push aluminium higher. Anything less would be a disappointment. Failure to reach any sort of agreement would rightly drag the price back towards the lows plumbed in the final quarter of last year.

Sharing production cuts between Russian producers and those in the west is the most difficult task. The gap between US demands for a 1m tonne capacity reduction from Russia, and the Russian offer of 300,000 tonnes, will not be bridged easily. It is difficult to believe that threats of anti-dumping litigation from US producers will encourage a settlement. More imaginative solutions – such as using western aid to upgrade Russian smelters, which would reduce output for a spell – might help.

But Russia will be unwilling to shoulder the burden of real cutbacks alone, not least because aluminium exports are a useful source of hard currency. Alcan's decision last week to cut 156,000 tonnes annual output may set the tone for a wider agreement if other western companies are willing to follow the lead. Experience in basic industries suggests that, even if overall targets are agreed, a lengthy period of haggling among European and North American companies will follow.

UK gilts

The poor performance of gilts so far this year might have convinced the Bank of England not to hold a gilts auction in January. That it has chosen to do so after all comes as something of a relief. It means the authorities have enough confidence in the market to get a sale away. The 15-year maturity range is also one which should meet reasonable demand from domestic investors anxious to buy longer-dated paper which has been in short supply. With sterling already strong and international markets wobbly, this is probably not a time to rely too heavily on foreign money.

These arguments, though, would have pointed to an even longer-dated issue of 25 or 30 years. That the Bank chose to stick to a 15-year maturity underlines a different dilemma. Rightly or wrongly, the market perceives it has chosen not to borrow over 25 years at rates around 6.6 per cent because that would undermine the credibility of its anti-inflation policy. Were it to do so, the market would assume it had decided long yields had reached their trough. That in turn could spark a nasty sell-off.

Somehow the Bank needs to find a way of getting itself off this hook. Funding pressures are lower than they were a year ago, but they are still considerable. It does not help if the Bank limits its scope to borrow across the entire yield curve. Nor is it good for the market to be deprived of liquidity at the long end. Perhaps the Bank should start by issuing an ultra-long tap after the auction to get investors used to the idea again. If it insists on waiting, it is bound to miss the boat.

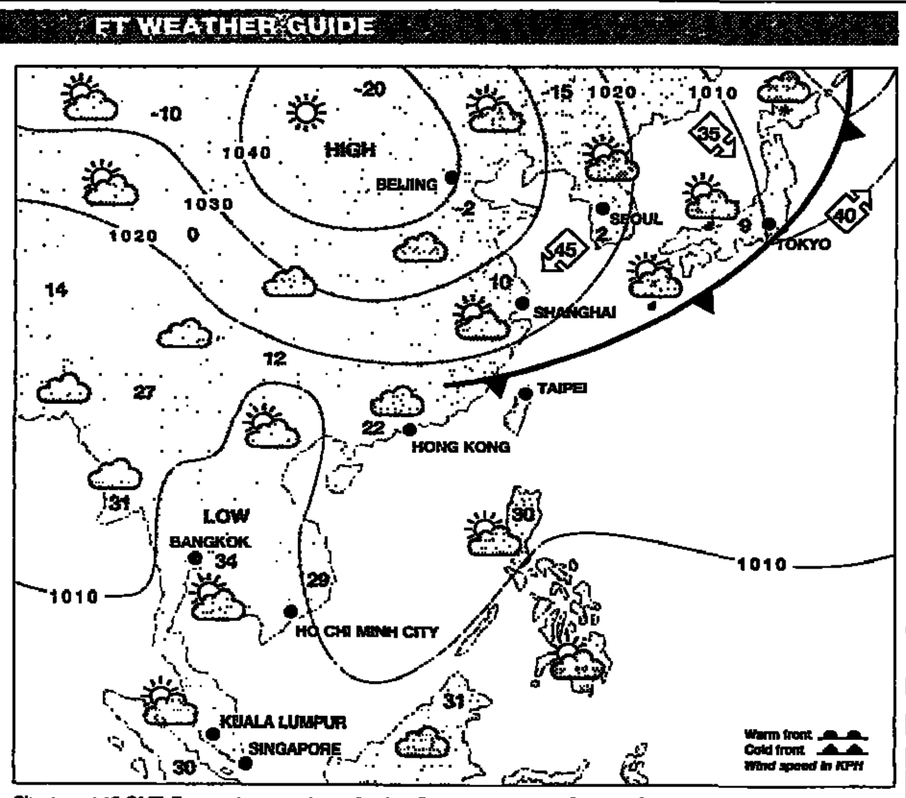
FT WEATHER GUIDE

Asia today

Hokkaido will have overcast skies with occasional snow showers. The southern islands will also have some showers. The maximum temperatures will be reached this morning. A surge of cold air will move southward into north-eastern China and Korea. Temperatures will remain below freezing in the Beijing area and will reach 0C in Korea. There will be some sunshine. Northern China and Inner-Mongolia will have ample sunshine. Southern China will be cloudy but dry. The southern countries of the Asian continent will have sunshine. Borneo will be generally cloudy, as will the Philippines.

Five-day forecast

Conditions will remain unsettled in Japan. Temperatures will be several degrees below the seasonal average as cold air moves in from the north-west. A high pressure area over northern China will extend towards the south-east. In the Tropics, there will be sunny spells and occasional showers in the afternoon.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	
Abu Dhabi	fair	24
Accra	sun	32
Algiers	shower	13
Amsterdam	shower	4
Athens	fair	16
B. Aires	shower	27
B.ham	fair	0
Bangkok	fair	34
Barcelona	fair	9
Beijing	fair	-2

Belfast	cloudy	2
Belgrade	fair	7
Berlin	fair	-3
Bermuda	shower	23
Bogota	cloudy	20
Bombay	sun	28
Brussels	shower	3
Budapest	shower	3
C.hagen	fair	-1
Cairo	fair	18
Cape Town	sun	22
Caracas	cloudy	28

Cardiff	fair	1
Chicago	snow	-13
Cologne	fair	1
D' Salaam	shower	30
Dakar	sun	28
Dallas	fair	10
Delhi	sun	18
Dubai	fair	25
Dublin	cloudy	3
Dubrovnik	shower	11
Edinburgh	cloudy	2
Faro	fair	14

Frankfurt	fair	-1
Geneva	snow	0
Gibraltar	fair	14
Glasgow	snow	1
Hamburg	fair	-2
Helsinki	fair	-5
Hong Kong	cloudy	20
Honolulu	shower	27
Istanbul	fair	11
Jersey	fair	7
Karachi	sun	23
Kuwait	cloudy	17
L. Angeles	sun	25
Las Palmas	shower	20
Lima	fair	27
Lisbon	fair	11
London	fair	2
Lux.bourg	fair	-1
Lyon	snow	1
Madeira	shower	16
Madrid	fair	8
Majorca	fair	12

Malta	shower	16
Manchester	fair	1
Manila	cloudy	30
Melbourne	fair	17
Mexico City	cloudy	20
Miami	fair	25
Milan	fair	7
Montreal	snow	-11
Moscow	snow	0
Munich	snow	-3
Nairobi	fair	27
Naples	shower	11
Nassau	fair	26
New York	snow	0
Nice	fair	10
Nicosia	fair	15
Oslo	fair	-5
Paris	fair	3
Perth	fair	30
Prague	cloudy	-3
Rangoon	fair	31
Reykjavik	rain	4

Rio	fair	28
Riyadh	fair	21
Rome	shower	12
S. Frsco	fair	17
Seoul	fair	2
Singapore	cloudy	30
Stockholm	fair	-7
Strasbourg	fair	0
Sydney	fair	32
Tangier	fair	14
Tel Aviv	fair	17
Tokyo	shower	9
Toronto	snow	-8
Tunis	shower	15
Vancouver	fair	6
Venice	shower	6
Vienna	snow	0
Warsaw	snow	-3
Washington	snow	0
Wellington	cloudy	20
Winnipeg	fair	-30
Zurich	cloudy	0

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COMPANIES & MARKETS
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Shape of Italian bank sale announced

By Robert Graham in Rome

Iri, the Italian state holding company, has announced that it will privatise its 57 per cent stake in the Banca Commerciale Italiana (BCI) in February. A minimum of 40 per cent of the shares being sold will be reserved for a public offering.

The bulk will be set aside for Italian and foreign institutions, with a limit of 2 per cent on each institutional investor's holding. The decision on the size of institutional stakes has been the subject of intense lobbying. Mediobanca, the Milan merchant bank, is believed to have wanted to aquire a big foothold in BCI. The latter has an 8 per cent interest in Mediobanca.

By opting for diffused share ownership, Iri is following a similar path to that of Credito Italiano, its first bank privatisation in December. As in the Credito divestment, a 1 per cent ceiling has been imposed on individual investors.

Iri holds 482.1m ordinary shares while a further 88.6m savings shares will be converted by February 11. It said it expected to retain some 30.7m shares to exercise, if necessary, an over-allotment option. A further 40m would be offered to BCI employees.

In a related move, Iri has set in motion the process of unwinding a deal arranged last March with its telecommunications arm, Stet. This involved a L340bn ($200m) cash payment by Stet to Iri's hard pressed treasury to cover the use of three years' anticipated dividends from BCI. The deal covered 440m shares, equivalent to 52.3 per cent of BCI's equity. Stet last year received L137.5bn in BCI dividend payments.

A price has yet to be placed on Iri's stake in BCI, which has net assets of L6,900bn and generated a 1992 operating profit of L,1380bn. Lehman Brothers are advising on the offer and the roadshows begin on February 11.

At Friday's close, BCI shares were being traded at L4,900. If a similar strategy is adopted to that of Credito, then the discount would be near to 10 per cent. In this case the offer price would be about L4,400, with Iri likely to receive around L2,500bn from the sale.

David Waller recounts how Metallgesellschaft was brought back from the brink of collapse

Metals group wins backing for rescue

Metallgesellschaft, the German metals, mining and industrial group, staved off the threat of bankruptcy this weekend after winning agreement to a revised DM3.4bn ($2bn) rescue package.

At a 10-hour meeting on Saturday, representatives of 120 creditor banks buried their opposition to initial rescue proposals and approved new plans, averting what would have been Germany's biggest corporate collapse since the AEG electrical group went bankrupt in 1982.

The talks took place behind closed doors at the Frankfurter Hof hotel in Frankfurt. Shortly before 9pm Mr Kajo Neukirchen, the restructuring expert appointed chief executive last month, emerged to tell a scrummage of reporters that the company had been rescued.

Appearing alongside him was Mr Carl von Boehm-Bezing, the Deutsche Bank director who chaired the talks. Mr von Boehm-Bezing explained that the terms of the deal had been modified to take account of "understandable" criticism from foreign banks.

Without giving many details, he said that German banks had increased their commitment to to compensate for foreign banks' reluctance to go along with parts of the package. Deutsche and Dresdner banks, which each own more than 10 per cent of MG's shares and count among its biggest creditors, would provide nearly half the DM700m of fresh loans to the stricken conglomerate. This reverses the pair's previous position that they would lend no more money on top of the emergency DM1.5bn which they supplied last month.

Mr Neukirchen declared that it was his mission to restore the group's tarnished reputation. Metallgesellschaft, founded in 1881 by an Englishman, has a turnover of DM27bn, 258 subsidiaries and 58,000 employees.

With the talks concluded but for a few formalities, Mr Neukirchen said it was time to concentrate on restructuring the group. He was planning to sell the Kolbenschmidt car components company, as well as a trading operation in the Netherlands and some mining activities. About 10,000 employees were likely to lose their jobs with the aim of saving DM700m a year.

Saturday's talks were convened after both domestic and foreign banks refused to back the original proposals by last Wednesday's deadline.

The deal envisages a DM1.4bn rights issue, the conversion of DM1.3bn of bank debt into junior convertible stock and the provision of DM700m fresh credit. The broad outlines of this package are the same as originally proposed, but the details – including the terms of the debt conversion and the rights issue – have been modified in favour of foreign banks.

Global fix modifies German work-out

As Mr Carl von Boehm-Bezing of Deutsche Bank jumped out of his chauffeur-driven S-Class Mercedes and hurried up the steps of the Frankfurter Hof on Saturday, he was asked whether he was confident that a deal would be reached to guarantee the survival of Metallgesellschaft, Germany's fourteenth biggest company.

"Of course I am confident," he answered, through clenched teeth, as he went in to chair a meeting of 120 bank creditors. But it was not until 10 hours later that he appeared in front of a pack of journalists with Mr Kajo Neukirchen, MG's chief executive, to explain that a deal had been done.

Confidence was in short supply as the Wednesday deadline for the refinancing negotiations came and went without agreement. First Norddeutsche Landesbank, the Hanover-based bank to the state of Lower Saxony, then a clutch of French institutions voiced objections so vociferous that they threatened to derail what one MG official described as "the biggest rescue operation since Dunkirk".

Bankers recognised from the start that they would lose far more money if the group were allowed to go bankrupt than if it were bailed-out. But equally there was no doubting the sincerity of bankers' opposition to the terms of the original deal, as presented to them in the first week of January. Brinkmanship was thus underscored by genuine passions and on Thursday and Friday of last week the group's future looked far from certain.

Objections focused in part on what NordLB called Deutsche Bank's "dictatorial" style in trying to bully through a 'take it or leave it' solution with no room for negotiation. Foreign bankers – representing more than half the 40 banks with the biggest exposure – went further, accusing Deutsche Bank and Dresdner Bank of trying to implement a German-style solution without taking account of international norms for such refinancing packages.

"They were trying to play it like another German work-out, but it is a global fix you need here," said one foreign banker last week. "It was was very much Germany Inc and could have done with more internationality," said a German working for a foreign bank after the talks on Saturday. "We will all learn something from this."

One banker noted that such negotiations were always characterised by a fierce battle between shareholders and bank creditors seeking to protect their different interests. But the situation in Metallgesellschaft's case was complicated by the fact that Deutsche and Dresdner banks were not only big creditors but also big shareholders. Representatives of the two banks sit on MG's supervisory board, making them in some eyes partly responsible for the mess which they were trying to clean up.

"There was a feeling that the big banks had their own agenda and that we did not know the full story," said one banker, complaining about the lack of independent advisers to the negotiations. Similar sentiments showed through in the French banks' insistence that they receive more information about MG's financial condition.

"In the end it was a question of who blinks last," said another banker. Deutsche and Dresdner, with the backing of the German financial community – after NordLB came into line – enabled a deal to be done by giving in to the foreign banks' demands that they make a larger contribution.

Associated Press
Mr Kajo Neukirchen after Saturday's meeting with creditor banks, backed by Mr Carl von Boehm-Bezing of Deutsche Bank

The talks ended with a round of applause for Mr Neukirchen, MG's chief executive, and Mr Boehm-Bezing. Bankers said yesterday that they were pleased with the final package. "This is the best possible solution for all those involved and especially for MG," said Mr Rick Polet, of the Dutch ING Bank.

MG's survival has been guaranteed, and Mr Neukirchen will be able to exercise his fabled restructuring skills. In the boardrooms of the big German banks there will be time, now the deal has been done, to conduct a post mortem into how Metallgesellschaft could have come so close to the edge. Attention is likely to focus on the role of MG's supervisory board, chaired by Mr Ronaldo Schmitz, Mr Boehm-Bezing's colleague on the board of the Deutsche Bank.

Japan and US attract institutions' attention

By Bethan Hutton in London

Institutional investors in the UK are shifting their attention away from continental European markets and towards Japan and the US, according to a survey by UK stockbrokers Smith New Court and by Gallup, the market research group.

For the first time since October 1992, a balance of fund managers said they were planning to reduce their holdings of European shares. Last month, opinion was almost equally divided on whether to raise or cut holdings, while previous months showed balances of 20 per cent or more in favour of increases.

There has also been a marked rise in the number intending to increase their Japanese exposure: a balance of 39 per cent of managers planned to do so, compared with 8 per cent last month. Interest in Japan is at its highest level since October 1991.

A balance of 11 per cent planned to raise US equity holdings.

The appeal of the UK stock market has dwindled, with a balance of 5 per cent planning to increase their UK holdings, compared with 27 per cent in December. But there has been a sharp shift in favour of medium-sized FT-SE 250 companies, rather than the FT-SE 100. Only 20 per cent of managers preferred FT-SE 100 stocks this month, compared with 42 per cent last month, while those favouring FT-SE 250 stocks leapt from 49 to 74 per cent.

The three favourite UK sectors were media, leisure and hotels, and building materials and merchants. The least liked were banks, property and food retailers, although banks and property companies were among the favourites in last October's survey.

Managers continued to be optimistic about the UK economy, with 22 per cent expecting it to get much better in the next 12 months and 72 per cent expecting a little progress. However, 71 per cent said inflation would be rising more rapidly in a year's time.

On a three-month view of major stock indices, managers were most positive about the Dow-Jones Industrials index, with a balance of 37 per cent describing themselves as bullish. Over a 12-month period, the Nikkei was rated most highly, with a balance of 64 per cent taking a bullish view.

Some 89 institutions, managing a total of £789bn ($1,180bn), took part in the survey last week.

Markets this week

This week: Company news

US BANKS

More in the bag than had been counted on

Some of the US's biggest commercial banks will put the cap on a record year when they report results this week. The stock market had already been expecting a strong fourth quarter, but early figures released by two banks last week suggested that the numbers may be even better.

A bevy of the biggest banks are due to report tomorrow: the New York money-centre banks Citicorp, Chemical and Chase Manhattan, along with the biggest "super-regionals", NationsBank and BancOne. BankAmerica and Bankers Trust come later in the week.

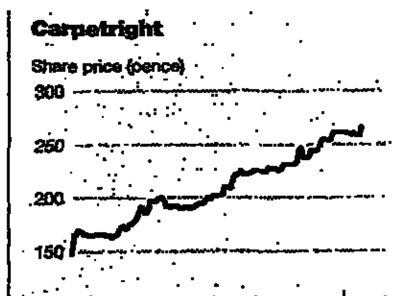
Bank stocks sagged last autumn, when investors began to anticipate a decline in interest rate margins from record levels as the US interest rate cycle turned. Also, few believe the banks can repeat the bumper trading results earned in the middle of the year, during instability in the European currency and interest rate markets.

J.P. Morgan and Citicorp gave the market pause for thought with figures released last week (Citicorp gave a broad outline when announcing the sale of Quotron) Each took write-downs and/or restructuring charges, yet ended with stronger profit growth than most analysts had expected.

For J.P. Morgan, the figures were underpinned by advances in all of its main businesses, including trading. Citicorp will not release details until tomorrow, but is expected to report higher-than-expected revenues, in part from its retail banking operations in developing countries.

If others match these two, then analysts' projections for fourth quarter earnings are likely to prove over-cautious. Ms Diane Glossman, senior analyst at Salomon Brothers, had been projecting earnings per share of $1.25 at Chase (level with the third quarter), $1.22 at Chemical ($1.84), $1.34 at NationsBank ($1.33), 82 cents at BancOne (level) and $1.20 at BankAmerica ($1.19).

Carpetright



Source: FT Graphite

Magnet/Carpetright/MFI

Born again in carpets and kitchens

What goes around comes around, commented Mr Alan Bowkett on Berisford International's £56m ($83m) purchase of Magnet, the UK kitchen and joinery group. The conjunction of three pieces of news backs this view: the Magnet deal, Carpetright's interim results this Thursday and MFI's interims next week.

These events mark the reappearance of retailers from the late 1980s. The fashion at that time was for leveraged buy-outs. It proved an unsuccessful one. Sir Phil Harris sold Lowndes Queensway in 1988, setting up Carpetright shortly afterwards, and then saw it go under in 1990. MFI's MBO was done in 1987, giving it a couple of good years before the downturn in consumer spending caused by high interest rates – which also crippled heavily indebted businesses – pushed it into a refinancing in 1989. It was then that Magnet's management undertook its £629m buy-out, which proved so disastrous for the backers.

While both Lowndes Queensway and Magnet's parent company went into receivership, MFI has been a survivor. With MFI and Carpetright back on the stock market, this year will see the return of Magnet. Now the hope is that trade is picking up. Magnet last week indicated that sales were good, and analysts expect a good rise in interim profits from Carpetright to £5.2m-£5.5m.

OTHER COMPANIES

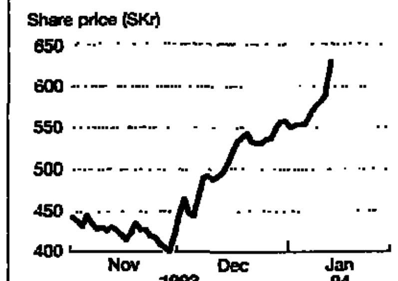
Elf's last figures before privatisation

Elf-Aquitaine, the French state-owned oil group slated for privatisation, will announce its provisional results for 1993 tomorrow. Mr Philippe Jaffré, who took over as chairman last August, has already warned that profits will see a sharp fall from FFr6.2bn ($1.1bn) to just over FFr1bn. The decline reflects the weak oil price, the write-down of certain oil assets and Mr Jaffré's desire to clean up the balance sheet ahead of Elf's privatisation, due to be launched later this month.

■ **Chrysler:** The US car manufacturer is expected to report strong fourth quarter figures tomorrow. The domestic car and light truck market is enjoying solid growth, with sales up 8 per cent in 1993. Chrysler has fared well thanks to a strong line-up of new high-margin vehicles. Its December sales were up 7 per cent on 1992 and were its strongest for the month in five years. Forecasts of fourth quarter earnings per share range from $1.37 to $1.90, with a mean around $1.60.

■ **Volvo:** Shareholders will elect a new seven-man board on Wednesday, following the clear-out that accompanied last month's collapse of the planned merger with Renault. Mr Bert-Olof Svanholm, chief executive of the Swedish operations of Asea Brown Boveri, is expected to be confirmed as chairman, with Renault chief executive Louis Schweitzer also gaining a seat. Nominations to all seven posts have been made by shareholders accounting for at least 40 per cent of Volvo's votes and are unlikely to be opposed.

Volvo A



Source: Datastream

■ **Gestetner Holdings:** The UK-based office and photographic equipment distributor is expected to announce full-year pre-tax losses of up to £38m on Thursday, including a £48.3m provision mainly to cover restructuring in Europe. The results will be the last before Inchcape, which bought a 15.3 per cent stake in Gestetner in May, must decide whether to exercise its option to acquire convertible unsecured loan stock, enabling it to lift its stake to 24.6 per cent. The exercise price on the option, which expires on July 1, is equal to 172p a share – well above the current 140p level.

■ **Northam Platinum:** On Thursday chairman Mr John Hopwood will announce whether the troubled R1,72bn ($500m) mine reached revised production targets in December, when it reports results for the half-year. Northam, owned by Gold Fields of South Africa, is a high-cost deep-level mine whose profitability hangs on achieving forecast recovery grades, given lacklustre platinum prices. Northam had to raise R220m in additional loans to meet 1993-94 working capital needs.

Companies in this issue

Treuhand in big east German utility sale

By Judy Dempsey in Berlin

The Treuhand, the German privatisation agency, will tomorrow sell a majority stake of a large eastern German utility group to PreussenElektra, the electricity division of Veba, and Germany's second largest utility company.

The sale, which follows a long drawn out dispute about ownership rights of eastern Germany's utility assets, will be followed by the privatisation of the region's remaining 14 utility groups to RWE and Bayernwerk, western Germany's other two largest utility companies.

PreussenElektra, which owns and operates nuclear, hard coal, and brown coal power stations, will acquire the eastern German regional utilities of Frankfurt/Oder, Magdeburg, Neubrandenburg, Potsdam and Rostock.

It is expected to invest at least DM800m (£312.5m) in the modernising and upgrading of the power stations. Veba and its other subsidiaries plan to invest DM8.4bn in eastern Germany over the next four years.

The sale will give PreussenElektra a virtual monopoly over the generation and distribution of electricity in the region as a result of the Stromvertrag, or Electricity Contract signed in 1990 between the former east German and west German governments.

Under the terms of the contract, west Germany's utility companies are legally permitted to own 51 per cent of eastern Germany's fifteen utilities groups, with the remaining 49 per cent held by the municipalities.

However, in order to underwrite investments of about DM46bn by western German utilities, the contract stipulated that eastern Germany's regional utilities must, over the next 20 years, buy 70 per cent of their energy from Veag, eastern Germany's largest major utility company. This group is controlled by western Germany's eight electricity companies, including PreussenElektra.

However, Veba officials said that although PreussenElektra will enjoy a virtual monopoly, they added that the company fears increasing competition from the gas sector, as well as a continuing decline in energy consumption.

Energy consumption in eastern Germany has fallen 40 per cent since 1989 largely due to the collapse of manufacturing.

Austria's savings banks get deadline

By Patrick Blum in Vienna

Austria's savings banks have until the end of February to agree on radical restructuring plans for the savings bank sector or face a solution imposed jointly by Bank Austria, the country's largest commercial bank, and Erste Oesterreichische Spar-Casse, a leading savings bank, according to Mr Rene Alfons Haiden, BA chairman and chief executive.

Proposals by the Erste envisage the establishment of a holding company in which all or most savings banks would participate.

This would be accompanied by a reorganisation of GiroCredit, which is both clearing institution for the savings banks and a commercial bank in its own right. Erste owns 21 per cent of GC.

Under the plan, BA, which holds almost 31 per cent in GC, would sell about two-thirds of its holding to a consortium consisting of Erste, the provincial savings banks and Austria Collegialität Versicherung, a leading insurance company. The shares would be held by the new holding company.

The plan however, has so far failed to generate much enthusiasm from provincial savings banks, which fear they will lose power and influence as a result.

However Mr Haiden says the discussion must end. "We've been discussing [proposals] for a year and a half, and that's too long.

"If [the proposals] are not successful, then it is the responsibility of Bank Austria and Erste together to see what can be done and to take responsibility for GiroCredit," he said.

He added that this was likely to involve changes on GC's management and supervisory boards, as well as a thorough re-assessment of the bank's priorities and tasks. Such changes would have to be approved by an extraordinary general assembly of GiroCredit shareholders as the next general assembly is not due until the end of April.

Heineken withdraws from spirits

By Ronald van de Krol

Heineken, the Dutch brewer, is to withdraw from its last remaining activity in spirits by selling its share of a distillery joint venture to its partner, the Dutch food and beverages group Bols Wessanen.

Bols Benelux, a 50/50 joint venture, was set up in 1989 as a way for both companies to combat the decline in consumption of spirits.

The venture, the biggest distiller in the Netherlands with brands such as Bols, Bokma and Coebergh, is managed by Bols Wessanen, which wanted 100 per cent control so that it can pursue further international expansion.

Heineken, which expects to book an unspecified extraordinary gain on the transaction, noted that distilled spirits were always a small part of its total business, which is firmly focused on brewing beer.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Transamerica (US)	Unit of Tiphook (UK)	Freight	£757m	Containers price dropping
Cable & Wireless (UK)/ Telecom Finland (Finland)	Lattelekom (Latvia)	Telecoms	£108m	Investing for 49% stake
Sedgwick Group (UK)	Arvid Bergvall (Norway)/ MVM (Germany)	Insurance services	£22.9m	Acquisitions completed
Investor Group (International)	Guest Keen Williams (India)	Engineering	£11.9m	GKN non-core disposal
Foseco (UK)/Shenzhen Science Park (China)	Shenzhen Jinke (Joint venture)	Metallurgical chemicals	£2.6m	50/50 production venture
North Sea Assets (UK)	Scandive (Norway)	Transportation equipment	£1.35m	Remote vehicle buy
Reuters (UK)	Unit of Citicorp (US)	Business information	n/a	Citicorp selling Quotron arm
United Biscuits (UK)	Fazer (Finland)	Food	n/a	Lifting stake to 70%
Courtaulds Textiles (UK)	Societe Dentelles Calaisiennes (France)	Lace	n/a	Complementary cash buy
Du Pont (US)	IDAC (Germany)	Paints	n/a	Buying out ICI

Trifast to raise £15m via SE listing next month

By Andrew Baxter

Trifast, one of the UK's largest manufacturers and distributors of industrial fasteners, plans to go public on the London Stock Exchange next month in a flotation expected to raise about £15m.

The deal will reduce the stake of the two founders, Mr Mike Timms and Mr Mike Roberts, from 90 per cent to between 30 and 50 per cent, and leave a sum of about £3m-£4m for the Sussex-based company.

Mr Malcolm Diamond, who has been managing director since 1984, said this would be used for overseas expansion, and to replenish finances after a recent acquisition and the move of its Uckfield manufacturing operation to a larger site.

Trifast, which trades as TR Fastenings, has some 70,000 different products and world rights to the Hank Rivet Bush, a form of nut used to provide a tapped hole in sheet metal, and the Binx Nut, a self-locking vibration-proof nut.

About 35 per cent of its products are made in its three UK factories and the rest is bought from suppliers in the Far East, Europe and elsewhere.

Mr Diamond said Trifast had weathered the recession well because of low gearing – only 17 per cent even after last year's acquisition of Edenbridge-based Fastener Techniques, a former rival.

Sales have risen from £17.6m in the year ended March 1990 to an estimated £28m in the current year. Pre-tax profits rose from £1.45m in 1990 to £1.98m last year, and are expected to rise considerably this year.

Trifast has benefited heavily from co-operation with its customers in arrangements such as long-term partnership sourcing and fastener management, reducing its exposure to the traditional customer/supplier relationship where contracts are won purely on the basis of price.

Mr Diamond hopes the flotation will provide a springboard to further expansion as Trifast's big computer and electronics customers move to single-sourcing for fasteners and increasingly subcontract their assembly work.

He wants to plug gaps in Trifast's network, notably in the Republic of Ireland, and exploit untapped market opportunities.

But he also sees growth possibilities in the fragmented £350m-plus UK fasteners market, where Trifast has a market share of just 7 per cent overall. Acquisitions of merchant distributors are one possibility, he said. James Capel are brokers to the company. The pathfinder document is expected on January 26.

Graham Group flotation to occur early this year

By Bethan Hutton

BTR has confirmed that it is planning to float off Graham Group, a building and agricultural materials subsidiary, early this year.

No timetable for the listing has yet been announced, but a pathfinder prospectus for a public offer and placing is expected within a few weeks.

The flotation is likely to value Graham Group at about £200m.

There are two main businesses within the group: Graham Builders Merchants, a supplier to the building and plumbing trade, with 148 branches, and Goodman Croggon, an agricultural hardware wholesaler, with 10 branches.

The group employs almost 3,000 people, and in 1992 had a turnover of about £350m. It is the UK's fourth largest builders merchant, with about 5 per cent of the market.

Mr Gordon Yardley, a non-executive director of BTR, is to become non-executive chairman of Graham Group. He was formerly executive director of the BTR division which includes the group.

Manchester City confirms talks

Manchester City Football Club and Mr Francis Lee, the club's former player and England international, confirmed that they were in talks with a view to Mr Lee making an offer for the club.

A joint statement said that discussions were continuing and a further announcement would be made in due course. Both parties agreed to make no further comment now.

Europa merger delay not as long as expected

The delay to the three-way merger first announced six months ago involving Europa Minerals, a small London-quoted finance house, and two Australian companies with which it is already closely linked – Austmin Gold and Burmine – will not be as long as recently indicated.

Burmine has been ordered by the Australian Securities Commission not to put a resolution about the merger to its shareholders before an appeal hearing. This hearing was originally scheduled for March 14 but, at Burmine's request, has been brought forward to February 7.

The appeal is in connection with the rival bid for Burmine.

Midland & Scottish offshoots' proposals

By David Blackwell

Two subsidiaries of Midland & Scottish Resources which operate its Emerald oilfield east of Shetland, have sent a proposal to their creditors for a voluntary arrangement under the Insolvency Act 1986.

Trafalgar House, owner of the Emerald Producer rig, and MSR, owner of the floating storage unit, have agreed to defer half the daily charter rates, backdated to October 1 last year, until the unsecured creditors have been paid 50p in the pound.

Banks were not prepared to advance the two subsidiaries further funds, and MSR itself was unable to secure further funding as it had already granted security on all its assets to lenders.

MSR said that creditors' approval of the voluntary arrangement would allow an orderly run down and eventual abandonment of the Emerald Field at the end of 1994 or in spring 1995.

Mr Jon Hawksley, MSR managing director, said the life of the field would now depend on when the operating equipment could be redeployed. Without the voluntary agreements, production, already below 16,000 barrels a day, would have stopped this spring.

Cray has 98.5% of P-E shares

The recommended offer by Cray Electronics, the data communications and software systems group, for P-E International will close at 3pm on March 31.

At close of business on January 13, valid acceptances had been received in respect of 19.74m shares (90.2 per cent) in P-E.

Together with 1.8m shares acquired since the offer was announced, Cray owns or has received acceptances for 21.55m P-E shares (98.5 per cent). Remaining shares will be compulsorily acquired.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 16.01.94: Pool purchase price £/MWh	Final Prices for Trading on 18.12.93: Pool purchase price £/MWh	Final Prices for Trading on 18.12.93: Pool selling price £/MWh
0030	18.05	18.03	18.03
0100	26.46	32.39	34.45
0130	40.00	32.39	34.45
0200	40.00	32.39	34.45
0230	34.25	32.39	34.45
0300	26.46	22.04	24.10
0330	26.41	20.81	22.88
0400	21.58	20.65	22.62
0430	20.70	20.51	22.57
0500	20.70	20.36	22.42
0530	20.30	20.54	22.61
0600	20.30	20.54	22.61
0630	20.30	20.54	22.61
0700	20.30	20.54	22.61
0730	20.30	20.54	22.61
0800	20.30	20.54	22.61
0830	17.98	20.54	22.61
0900	20.20	20.88	22.94
0930	20.30	20.97	23.03
1000	20.94	20.99	23.06
1030	20.42	21.28	23.34
1100	21.51	22.45	24.51
1130	27.34	22.45	24.51
1200	30.35	29.85	31.91
1230	30.35	32.00	34.06
1300	30.35	32.00	34.06
1330	29.89	22.65	24.71
1400	30.35	22.65	24.71
1430	23.44	18.06	18.06
1500	23.44	18.05	18.05
1530	20.94	18.02	18.02
1600	20.94	18.07	18.07
1630	20.94	24.10	26.17
1700	24.98	26.86	28.93
1730	28.86	35.54	37.60
1800	28.86	35.54	37.60
1830	28.86	35.54	37.60
1900	28.86	26.86	28.93
1930	26.87	24.10	26.17
2000	26.87	22.65	24.71
2030	25.78	22.45	24.51
2100	24.98	22.45	24.51
2130	24.09	22.45	24.51
2200	23.72	18.04	18.04
2230	21.89	18.02	18.02
2300	20.73	18.02	18.02
2330	18.02	18.00	18.00
2400	17.96	17.99	17.99

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5.15pm Monday to Friday.

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0030	18.05	18.04	18.04
0100	21.89	22.45	24.08
0130	28.29	22.45	24.08
0200	29.48	21.90	23.53
0230	28.29	21.90	23.53
0300	38.00	21.90	23.53
0330	38.00	21.46	23.09
0400	26.06	21.46	23.09
0430	28.29	18.02	18.02
0500	23.32	18.00	18.00
0530	18.02	18.00	18.00
0600	18.09	18.01	18.01
0630	23.24	18.04	18.04
0700	23.31	18.07	19.07
0730	23.71	20.81	22.44
0800	24.45	23.03	24.66
0830	24.80	23.42	25.05
0900	25.17	23.54	25.17
0930	25.18	23.54	25.17
1000	25.19	25.15	28.78
1030	25.19	25.15	28.78
1100	25.20	25.15	28.78
1130	25.21	33.65	35.28
1200	25.24	33.65	35.28
1230	25.22	33.65	35.28
1300	25.19	25.15	28.78
1330	25.15	25.15	28.78
1400	25.14	23.54	25.17
1430	25.13	23.54	25.17
1500	25.13	23.54	25.17
1530	18.40	23.47	25.10
1600	24.24	26.81	28.45
1630	31.68	25.38	27.09
1700	52.49	38.90	38.84
1730	56.14	36.89	38.73
1800	50.71	38.59	38.37
1830	36.47	33.55	35.22
1900	34.09	26.81	28.45
1930	26.86	25.89	27.32
2000	25.30	25.19	26.82
2030	25.28	23.54	25.17
2100	25.28	23.54	25.17
2130	25.28	23.54	25.17
2200	23.60	23.01	24.64
2230	23.60	22.88	24.51
2300	18.11	22.04	23.67
2330	18.08	18.05	18.05
2400	18.08	18.04	18.04

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Brussels solves gas sale problem

By Andrew Hill in Brussels

The Belgian government has chosen a Belgian solution to the difficult privatisation of SNI-NIM, the state holding company which owns 50 per cent of Distrigaz, the country's gas supply and distribution monopoly.

The government has agreed in principle to sell most of its 83 per cent stake in SNI-NIM to Ackermans & van Haaren, a quoted Antwerp-based industrial holding company. If Ackermans agrees to the government's conditions, the deal should raise about BFr14.5bn ($397m) to help ease Belgium's budget deficit.

The decision – part of the government's BFr85bn four-year privatisation programme – puts an end to rival bids for a stake in Distrigaz, lodged by a range of international investors, including British Gas.

The government wants to keep tight control over Distrigaz, through a "golden share," and is also insisting that an unspecified stake in the company – probably between 10 and 25 per cent – is floated on the Brussels stock exchange.

The government will retain ownership of certain other SNI-NIM holdings, including its 6.6 per cent stake in Sabena, the national airline.

British Gas, VIAG and Bayernwerk of Germany, and Conoco, the oil and gas subsidiary of DuPont of the US, had made a rival offer for Distrigaz, and BASF, the German chemicals group, had expressed a separate interest in Distrigaz shares.

Instead, the 50 per cent stake will be sold initially by Ackermans to Tractebel, the quoted Belgian utilities group which owns a further 33 per cent of the gas company. Apart from the stock market flotation, Tractebel has also promised to cede small stakes in Distrigaz to regional energy companies in Belgium. The remaining 17 per cent of Distrigaz is owned by Shell.

The government said it hoped to conclude a deal with Ackermans by the end of the month, and then seek European Commission approval for the sale.

Apart from its energy holdings, SNI-NIM's main investments are in financial companies, transport and engineering groups.

Politically and financially, the disposal of SNI-NIM is the most complex of the planned privatisations. Last year, the government agreed to sell half of CGER-ASLK, the state-owned network of bank and insurance branches, to Fortis, the Dutch-Belgian financial services group, for BFr35bn.

Olivetti seeking L2,000bn to expand

By Robert Graham in Rome

Olivetti, the Italian computer group, is seeking shareholder approval to raise up to L2,000bn ($1.17bn) in fresh funds to bolster growth and investment, especially in telecommunications and multimedia ventures.

The decision to raise extra money was taken on Friday at a board meeting presided over by Mr Carlo De Benedetti, the chairman. In June, Olivetti raised L902bn but this was primarily intended to alleviate the group's losses, which for 1993 are expected to be in the order of L400bn–450bn.

By contrast, officials said the fresh call was to take advantage of investment opportunities in the fast evolving telecoms and multi-media sectors. The decision was announced just as preliminary bids closed for the contract to operate Italy's new Europe-wide standard GSM mobile phone network.

Olivetti is heading one of the three consortia considered most likely to win the contract. The consortium, Omnitel, in which Olivetti has a 51 per cent stake and includes Bell Atlantic and Swedish Telecom, recently increased its capital to L200bn. But industry analysts believe this would have to be increased further if Omnitel were to win the contract.

The Ivrea-based computers group has also given a foretaste of its 1993 performance, saying group sales rose 7.3 per cent to L8,610bn, back to the level of 1990.

Tonen chief resigns over clash with US partners

By William Dawkins and Michiyo Nakamoto in Tokyo

A clash of US and Japanese management approaches has led to the resignation of the head of Tonen, a Japanese oil refiner partly owned by Exxon and Mobil.

Mr Nobuyuki Nakahara, Tonen president, is to resign at the end of March, Tonen announced yesterday. It is understood that his departure is due to differences over recent large dividend increases requested by the US partners.

Exxon and Mobil, which each hold 25 per cent of Tonen's shares, are alleged to have taken joint positions to obtain board agreement on dividends and other important matters, such as capital spending.

The remainder of the equity is split among a group of Japanese institutions, speaking for an estimated 40 per cent of the equity, and private investors.

Tonen and its US partners have denied there is a dispute. Mr Nakahara was leaving because "he wanted to become free to pursue personal interests," said Tonen. This is an unusual reason for a Japanese management resignation.

Mr Nakahara will stay on as honorary chairman, a symbolic position, and be replaced as president by Mr Tamehiko Tamahori, who currently heads a Tonen subsidiary and has the backing of the US shareholders.

The contrast between US and Japanese approaches first became apparent when Tonen nearly doubled the 1992 payout to Y50 per share, easily exceeding earnings of Y28.7 per share.

That attracted attention in Tokyo, because the payout of 174 per cent of 1992 earnings, represented just over 4½ times Japanese companies' average dividend of about 38 per cent of earnings that year.

Tonen's Japanese management at the time said Mobil and Exxon had requested the increase and said they would have preferred to bolster capital investment reserves.

However, the dividend increase was agreed unanimously by the board, said Mr Haruo Gotoh, manager of Esso Sekiyo, Exxon's Japanese unit. The 3 per cent yield on Tonen's shares is still low by US and UK standards, he said.

The US partners successfully obtained an increase in the interim payout from Y12.5 per share to Y20, and have pushed for a maintained 1993 dividend.

The dividend is likely to be uncovered by earnings again, despite a sharp rise in profits from Y32.77bn to a market estimate of Y38bn.

However, Tonen's balance sheet is strong, with debts of just under 51 per cent of shareholders' capital.

Winterthur to expand in Germany

By Ian Rodger in Zurich

Winterthur Insurance, Switzerland's third largest insurer, is set to buy a substantial minority stake in DBV Holding, an insurance unit of Germany's Commerzbank.

Both Winterthur and Commerzbank have scheduled press conferences for Monday morning. Commerzbank said last week it hoped to announce during January a restructuring of its non-banking financial activities. Winterthur said yesterday it would announce "a very important expansion of its insurance business".

DBV, with insurance premium income of approximately DM3.5bn ($2.03bn), was set up by the King of Prussia in 1871 to provide insurance cover for the German military. It later expanded to cover civil servants, taking on the name Deutsche Beamten Versicherung, and in the 1970s became a general insurance company.

The acquisition would be Winterthur's second attempt to establish a strong base in the German market. In 1987, it bought a 38 per cent stake in Nordstern Allgemeine of Cologne with the intention of gradually winning control.

However, Colonia, a German affiliate of the French UAP insurance group, retained its majority control of Nordstern, and Winterthur eventually gave up and sold its stake.

Kaufhof seeks Horten control

By David Waller in Frankfurt

Kaufhof Holding, the Cologne-based retailer, is seeking to acquire majority control of Horten, the Düsseldorf-based group which is Germany's fourth largest department store chain.

According to the Reuter news agency, the Federal Cartel Office in Berlin, Germany's competition authority, has received an application for the move, which will mean further consolidation in the German department store sector.

It follows the acquisition of Hertie, the third largest department store chain in Germany, by Karstadt, the biggest, a transaction announced in November last year. This merger gave rise to speculation that Kaufhof would counter the move from its arch rival by increasing its existing 12 per cent stake in Horten.

It is thought likely that Kaufhof will at first buy the 26 per cent stake in Horten owned by Westdeutsche Landesbank, the Düsseldorf-based public sector bank, before buying stakes held by other large shareholders.

The acquisition will mean further expansion for the Metro Group, the privately-owned Swiss retailing group which controls Kaufhof as well as Asko Deutsche Kaufhaus, another of Germany's largest retailers.

Although the move is understandable in the context of the Hertie/Karstadt fusion, it is out of line with Kaufhof's declared strategy of concentrating expansion in the specialty retailing segment of the market.

The department store sector has suffered from the decline in German consumer spending as well as a move to the specialty segment.

AGF appoints banker to board

By David Buchan in Paris

Assurances Générales de France (AGF) has appointed Mr Antoine Jeancourt-Galignani to its board of directors.

This is seen as paving the way for his likely appointment on Wednesday by the government to the presidency of the state-controlled insurance group.

The 57-year-old banker, who heads Banque Indosuez, had already been widely tipped to succeed Mr Michel Albert, who, after more than a decade as the president of the insurance group, was earlier this month named to the new, independent monetary policy committee set up to advise the Bank of France.

Dow Corning puts cost of litigation at $1.24bn

By Richard Waters in New York

Dow Corning, the US's biggest manufacturer of breast implants, said yesterday that it expected its share of an industry-wide settlement of litigation over leaking implants to reach $1.24bn.

The company, a joint venture between Dow Chemical and Corning, said that $600m of this would be met by insurance companies, leaving it with a pre-tax charge of $640m, or $415m after tax, for the fourth quarter of 1993.

The scale of the potential costs have raised fears that Dow Corning may not be able to continue without support from its two owners.

The company said yesterday, though, that it would be able to "meet ongoing operational needs," provided the expected payments from insurers were received and its "evaluation of current financing arrangements" and future business prospects proved correct.

Yesterday's announcement came as Dow Corning and other implant manufacturers, including Baxter International and Bristol-Myers Squibb, continue to negotiate over how to divide between them the costs of a tentative $4.74bn industry-wide settlement.

This has still to be confirmed by the courts.

Bombardier to raise C$210m

Bombardier, the aerospace group, is raising C$210m (US$157.8m), to bolster working capital, with a public offer of 10m class B common shares at C$21.875 a share. The underwriting group is led by Scotia McLeod, writes Robert Gibbens in Montreal.

The new equity issue will have a 6 per cent dilution factor, analysts said.

Amtrak admits losing $33 on every ticket

By Richard Tomkins in New York

Amtrak, the heavily loss-making operator of US passenger train services, ended a dismal year with the yawning gap between its costs and revenues widening still further to $731m in 1993, its annual report shows.

The state-owned corporation also performed poorly in getting its customers to their destinations on time, with only 79 per cent of its short-distance trains and 47 per cent of its long-distance services arriving punctually.

Although the number of passengers carried rose from 21.3m to 22.1m, revenues of $1.4bn were far exceeded by expenses of $2.1bn, with the result that Amtrak lost $33 for every ticket sold.

The year also brought the worst accident in Amtrak's history when the Sunset Limited express from Los Angeles to Miami plunged into an alligator-infested Alabama swamp in September, killing 47 people.

Technically known as the National Railroad Passenger Corporation, Amtrak was set up by the federal government in 1971 to run the nation's loss-making passenger train services.

These had previously been operated by the private railroad companies, which now concentrate on their profitable freight operations and continue to own the tracks.

Amtrak was expected to reach a position where revenues at least covered its operating costs, but has proved unable to compete with air or road transport for speed or convenience and has continued to rely on federal support for its survival.

The annual report shows that the corporation is due to receive $771.7m in federal funds this year, of which $351.7m is earmarked for operating losses and the rest for capital spending. But these sums are unlikely to reverse the steady decline in Amtrak's physical assets, which are ageing more rapidly than the corporation can afford to replace them.

AT&T to take charge against 1993 earnings

By Martin Dickson in New York

American Telephone & Telegraph said yesterday that it would take a non-cash, after tax charge of some $1.3bn against 1993 earnings because of a change in the accounting treatment of certain benefits to employees after they leave the company.

However, it said that, excluding this charge and costs for a previously announced restructuring programme at its computer subsidiary NCR, fourth-quarter net income was expected to be about $1.15bn, or 85 cents a share, in line with analysts' estimates.

The accounting change, which all companies must adopt by the fiscal first quarter of 1994, means separation payments must be expensed as they accumulate over employees' working lives, rather than booked as they are identified. Also, disability payments have to be expensed when the disability occurs, rather than when payments are made.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday January 14, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	2721.68	1824.06	1042.07	1640.26
Albania	(Lek)	163.845	109.808	62.7325	98.7434
Algeria	(Dinar)	35.9343	24.083	13.7584	21.6563
Andorra	(Fr Fr)	8.8673	5.9428	3.395	5.344
	(Sp Peseta)	215.266	144.27	82.4205	129.733
Angola	(New Kwanza)	9979.90	6688.49	3821.08	6014.52
Antigua	(E Carr $)	4.0217	2.6953	1.5398	2.4237
Argentina	(Peso)	1.4893	0.9981	0.5702	0.8975
Aruba	(Florin)	2.6862	1.7866	1.0208	1.6068
Australia	(Aus $)	2.1629	1.4495	0.8281	1.3035
Austria	(Schilling)	18.3739	12.3141	7.0349	11.0732
Azores	(Port Escudo)	263.123	176.344	100.744	158.575
Bahamas	(Bahama $)	1.4921	1	0.5712	0.8992
Bahrain	(Dinar)	0.5626	0.377	0.2154	0.339
Balearic Is	(Sp Peseta)	215.266	144.27	82.4205	129.733
Bangladesh	(Taka)	58.5630	39.2487	22.4224	35.2937
Barbados	(Barb $)	2.9956	2.0077	1.147	1.8054
Belgium	(Belg Fr)	54.4569	36.4967	20.8502	32.8191
Belize	(B $)	2.9790	1.9965	1.1405	1.7953
Benin†	(CFA Fr)	886.73	594.283	339.509	534.4
Bermuda	(Bermudian $)	1.4921	1	0.5712	0.8992
Bhutan	(Ngultrum)	46.8038	31.3677	17.9201	28.2069
Bolivia	(Boliviano)	6.6695	4.4696	2.5536	4.0194
Botswana	(Pula)	3.8625	2.5885	1.4788	2.3277
Brazil	(Cruzeiro Real)	578.366	387.612	221.44	348.554
Brunei	(Brunei $)	2.3996	1.6082	0.9187	1.4461
Bulgaria	(Lev)	39.65	26.5732	15.1811	23.8956
Burkina Faso†	(CFA Fr)	886.73	594.283	339.509	534.4
Burma	(Kyat)	9.4776	6.3517	3.6287	5.7117
Burundi	(Burundi Fr)	394.45	264.359	151.026	237.721
Cambodia	(Riel)	5213.25	3493.9	1996.04	3141.84
Cameroon†	(CFA Fr)	886.73	594.283	339.509	534.4
Canada	(Canadian $)	1.9706	1.3206	0.7544	1.1876
Canary Is	(Sp Peseta)	215.266	144.27	82.4205	129.733
Cp. Verde	(CV Escudo)	110.5209	74.0707	42.3159	66.6069
Cayman Is	(CI $)	1.2661	0.8485	0.4847	0.763
Cent.Afr. Rep†	(CFA Fr)	886.73	594.283	339.509	534.4
Chad†	(CFA Fr)	886.73	594.283	339.509	534.4
Chile	(Chilean Peso)	641.6562	430.036	245.676	386.703
China	(Yuan)	12.9809	8.6997	4.97	7.8231
Colombia	(Col Peso)	1223.1976	819.783	468.335	737.177
CIS §	(Rouble)	0.8656o	0.5802	0.3314	0.5217
		1847.06m	1237.89	707.196	1113.16
Comoros†	(CFA Fr)	886.73	594.283	339.509	534.4
Congo† (Brazz)	(CFA Fr)	886.73	594.283	339.509	534.4
Costa Rica	(Colon)	225.9125	151.405	86.4968	136.149
Côte-d'Ivoire†	(CFA Fr)	886.73	594.283	339.509	534.4
Croatia	(Dinar)	9914.0271	6644.34	3795.86	5974.82
Cuba	(Cuban Peso)	1.1282	0.7561	0.4319	0.6799
Cyprus	(Cyprus £)	0.7810	0.5234	0.299	0.4706
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gambia	(Dalasi)	12.5118	8.3853	4.7904	7.5404
Germany	(D-Mark)	2.6118	1.7504	1	1.574
Ghana	(Cedi)	1209.47	810.582	463.079	728.904
Gibraltar	(Gib £)	1.00	0.6701	0.3828	0.6026
Greece	(Drachma)	375.084	251.367	143.604	226.037
Greenland	(Danish Krone)	10.1102	6.7758	3.8709	6.093
Grenada	(E Carr $)	4.0217	2.6953	1.5398	2.4237
Guadaloupe	(Local Fr)	8.8673	5.9428	3.395	5.344
Guam	(US $)	1.4921	1	0.5712	0.8992
Guatemala	(Quetzal)	8.7110	5.838	3.3352	5.2498
Guinea	(Fr)	1209.91	810.877	463.248	729.169
Guinea-Bissau	(Peso)	7447.50	4991.29	2851.48	4488.34
Guyana	(Guyanese $)	189.1665	126.779	72.4276	114.004
Haiti	(Goude)	17.8740	11.979	6.8435	10.772
Honduras	(Lempira)	10.9776	7.3571	4.203	6.6158
Hong Kong	(HK $)	11.5289	7.7266	4.4141	6.948
Hungary	(Forint)	151.9355	101.827	58.1727	91.566
Iceland	(Icelandic Krona)	109.30	73.2524	41.8486	65.8711
India	(Indian Rupee)	46.8038	31.3677	17.9201	28.2069
Indonesia	(Rupiah)	3161.6541	2118.93	1210.53	1905.41
Iran	(Rial)	2605.00	1745.86	997.398	1569.94
Iraq	(Iraqi Dinar)	0.4655	0.3119	0.1782	0.2805
Irish Rep	(Punt)	1.0444	0.6999	0.3998	0.6294
Israel	(Shekel)	4.4449	2.9789	1.7018	2.6787
Italy	(Lira)	2547.68	1707.45	975.45	1535.38
Jamaica	(Jamaican $)	42.4508	28.4503	16.2534	25.5835
Japan	(Yen)	165.938	111.211	63.5339	100.005
Jordan	(Jordanian Dinar)	1.0534	0.7059	0.4033	0.6348
Kenya	(Kenya Shilling)	101.06	67.73	38.6936	60.9052
Kiribati	(Australian $)	2.1629	1.4496	0.8281	1.3035
Korea North	(Won)	3.2024	2.1462	1.2261	1.9299
Korea South	(Won)	1211.17	811.722	463.73	729.928
Kuwait	(Kuwaiti Dinar)	0.4452	0.2983	0.1704	0.2683
Laos	(New Kip)	1072.44	718.745	410.613	646.321
Latvia	(Lat)	0.8882	0.5952	0.34	0.5352
Lebanon	(Lebanese £)	2549.814	1708.94	976.305	1536.74
Lesotho	(Maluti)	5.5949	3.7496	2.1421	3.3718
Liberia	(Liberian $)	1.4921	1	0.5712	0.8992
Libya	(Libyan Dinar)	0.4543	0.3044	0.1739	0.2737
Liechtenstein	(Swiss Fr)	2.2083	1.4799	0.8455	1.3309
Lithuania	(Litas)	5.8091	3.8932	2.2241	3.5009
Luxembourg	(Lux Fr)	54.4568	36.4967	20.8502	32.8191
Macao	(Pataca)	11.9322	7.9969	4.5685	7.1911
Madagascar	(MG Fr)	2830.05	1896.69	1083.56	1705.57
Madeira	(Port Escudo)	263.123	176.344	100.744	158.575
Malawi	(Kwacha)	6.6690	4.4661	2.5514	4.016
Malaysia	(Ringgit)	4.0726	2.7294	1.5593	2.4544
Maldive Is	(Rufiya)	16.5409	11.0856	6.3331	9.9686
Mali Rep†	(CFA Fr)	886.73	594.283	339.509	534.4
Malta	(Maltese Lira)	0.5896	0.3951	0.2257	0.3553
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pakistan	(Pak. Rupee)	45.0597	30.1988	17.2523	27.1558
Panama	(Balboa)	1.4921	1	0.5712	0.8992
Papua New Guinea	(Kina)	1.4546	0.975	0.557	0.8767
Paraguay	(Guarani)	2678.12	1794.87	1025.39	1614.01
Peru	(New Sol)	3.2407	2.1719	1.2407	1.953
Philippines	(Peso)	41.3299	27.6991	15.8242	24.908
Pitcairn Is	(£ Sterling)	1.00	0.6701	0.3828	0.6026
	(NZ $)	2.6742	1.7922	1.0238	1.6116
Poland	(Zloty)	32164.12	21556.3	12314.9	19384.1
Portugal	(Escudo)	263.123	176.344	100.744	158.575
Puerto Rico	(US $)	1.4921	1	0.5712	0.8992
Qatar	(Riyal)	5.4225	3.6341	2.0761	3.2679
Reunion Is. de la	(F Fr)	8.8673	5.9428	3.395	5.344
Romania	(Leu)	2019.72	1353.61	773.306	1217.21
Rwanda	(Fr)	215.40	144.36	82.4718	129.814
St Christopher	(E Carr $)	4.0217	2.6953	1.5398	2.4237
St Helena	(£)	1.00	0.6701	0.3828	0.6026
St Lucia	(E Carr $)	4.0217	2.6953	1.5398	2.4237
St Pierre	(French Fr)	8.8673	5.9428	3.395	5.344
St Vincent	(E Carr $)	4.0217	2.6953	1.5398	2.4237
San Marino	(Italian Lira)	2547.68	1707.45	975.45	1535.38
Sao Tome	(Dobra)	357.48	239.582	136.871	215.44
Saudi Arabia	(Riyal)	5.5949	3.7496	2.1421	3.3718
Senegal†	(CFA Fr)	886.73	594.283	339.509	534.4
Seychelles	(Rupee)	7.8196	5.2408	2.994	4.7127
Sierra Leone	(Leone)	819.225	549.042	313.663	493.717
Singapore	($)	2.3996	1.6082	0.9187	1.4461
Slovakia	(Koruna)	50.098	33.5754	19.1814	30.1922
Slovenia	(Tolar)	202.87	135.963	77.6744	122.262
Solomon Is	($)	4.8392	3.2432	1.8528	2.9164
Somali Rep	(Shilling)	3902.49	2615.43	1494.19	2351.89
South Africa	(Rand)	5.0835c	3.4136	1.9501	3.0696
		6.3823g	4.2773	2.4436	3.8463
Spain	(Peseta)	215.266	144.27	82.4205	129.733
Spanish Ports in N Africa	(Sp Peseta)	215.266	144.27	82.4205	129.733
Sri Lanka	(Rupee)	73.7446	49.4233	28.2351	44.4431
Sudan Rep	(Dinar)	19.3635	12.9773	7.4138	11.6696
Surinam	(Guilder)	2.6588	1.7819	1.0179	1.6023
Swaziland	(Lilangeni)	5.0935	3.4136	1.9501	3.0696
Sweden	(Krona)	12.2269	8.1944	4.6814	7.3687
Switzerland	(Fr)	2.2083	1.4799	0.8455	1.3308
Syria	(£)	31.2795	20.9634	11.9762	18.851
Taiwan	($)	39.5319	26.4941	15.1358	23.8244
Tanzania	(Shilling)	719.43	482.159	275.454	433.574
Thailand	(Baht)	38.1517	25.5691	14.6074	22.9926
Togo Rep†	(CFA Fr)	886.73	594.283	339.509	534.4
Tonga Is	(Pa Anga)	2.1629	1.4495	0.8281	1.3035
Trinidad/Tobago	($)	8.2230	5.5103	3.148	4.9551
Tunisia	(Dinar)	1.5579	1.044	0.5964	0.9388
Turkey	(Lira)	23529.841	15769.5	9008.98	14180.5
Turks & Caicos	(US $)	1.4921	1	0.5712	0.8992
Tuvalu	(Australian $)	2.1629	1.4495	0.8281	1.3035
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Special Drawing Rights January 13, 1994 United Kingdom £0.916427 United States $1.37185 Germany D Mark2.39898 Japan Yen154.076 European Currency Unit Rates January 14, 1994 United Kingdom £0.743161 United States $1.10771 Germany D Mark1.94237 Japan Yen123.556

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) Free market rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; (u) Currencies fixed against the US Dollar; (v) Floating rate. [illegible]

Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5. Friday, January 14, 1994

THE WEEK AHEAD

UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
Bridport-Gundry Chartered Accountants Hall, Moorgate Place, London 12.00
Dunton Group 130 High St. Chesham 10.00
Haemocell Georgeson & Co. 10th Floor, Moor Hse., 119 London Wall E.C. 10.45
Ramus Hldgs. New Broad St. Hse., 35 New Broad St. E.C. 10.00
BOARD MEETINGS:
Finals:
Denmans Electrical
Soundtracs
Interims:
Abtrust Scotland
Aerospace Eng.
Carclo Eng.
Colorvision
Dalepak Foods
Northern Indl. Improvement Tst.
Peel Hldgs.

■ **TOMORROW**
COMPANY MEETINGS:
Dunedin Worldwide Invs. Tst. Dunedin Hse., 25 Ravelston Terrace, Edingburgh 12.00
Fairline Boats Barnwell Rd. Oundle, Peterborough 12.00
McCarthy & Stone Homelife Hse., Oxford Road, Bournemouth 11.00
Rodime 249 West George St., Glasgow. 11.00
Sanderson Electronics Grosvenor House Hotel, Park Lane, W. 12.00
BOARD MEETINGS:
Finals:
Aberforth Smaller Co's
Alexanders
Central Motor Auctions
Everards Brewery
Heath (Samuel)
Hunterprint
Lookers
Windsor
Interims:
Photo-Me
Stanley Leisure
YRM
Zetters

■ **WEDNESDAY**
JANUARY 19
COMPANY MEETINGS:
Concentric Belfry Hotel, Litchfield Rd., Wishaw 2.30
Conrad 345 Stockport Rd., Manchester 11.00
Group Development Capital Tst. 125 High Holborn, W.C. 12.00
M.Y.Hldgs. Windlebrook Hse. Guildford Rd., Bagshot, Surrey 10.00
Widney Credit Lyonnais Laing, Broadwalk Hse., 5 Appold St. E.C. 11.00
BOARD MEETINGS:
Finals:
City Site Estates
Davenport Vernon
London & Clydeside
London Scottish Bank
RCO
Interims:
Barbour Index
Beales Hunter
Carpetright
Daejan
Division
Dunedin Japan Inv. Tst.
Electron House

■ **THURSDAY**
JANUARY 20
COMPANY MEETINGS:
BOC Group Savoy Hotel, Strand, W.C. 11.00
Henderson Strata Invs. 3 Finsbury Ave. E.C. 2.30
River Plate & General Invs. Tst. Kightsbridge Hse., 197 Knightsbridge, S.W. 10.30
Sheriff Hldgs. Edwalton Hall, Village St., Edwalton, Nottingham 10.00
BOARD MEETINGS:
Finals:
Gestetner
Hill & Smith
Interims:
AIM Grp.
Budgens
Crest Packaging
Hampson Inds.
McKay Securities
Park Food
Ransom (Wm)
Whinney Mackay-Lewis
Wood (JD)

■ **FRIDAY**
JANUARY 21
BOARD MEETINGS:
Finals:
Cardiff Property
LPA
Malvern UK Index Tst.
St. Andrew Tst.
Selective Assets Tst.
Interims:
Brit. Bloodstock Agency
Shield

Company meetings are annual general meetings unless otherwise stated.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
Allied Irish Banks 10% Bds. 1996 IR£50
ASH Capital Fin. (Jersey) 9½% Cnv. Cap. Bds. 2006 4.75p
Bellway 8p
Bradford & Bingley Bldg. Soc. FRN's 1999 £151.03
British Steel 0.5p
BZW Conv. Inv. Tst. 1.5p
Do. Equities Index. Uns. Ln. 1996/2002 1.150968p
Capital Radio 4p
Castle Comms. 4.5p
Charter 7p
City of London PR 1.27p
Cook (DC) Hldgs. 0.3p
Dares Estates 10¼% 1st Mtg. Deb. 2012 £5.125
Grampian TV A NV 1.5p
Guinness 10⅝% Nts. 1997 £106.25
Halifax Bldg. Soc. 11% Sub. Bnds. 2014 £1100
Do. FRN's 1995 £151.3
Hazlewood Foods 2.4p
Do. 7½% (5¼% net) Ptg. Prf. 2.625p
House of Fraser 6% Uns. Ln. 1993/98 £2.79452
Do. 8¼% Uns. Ln. 1993/98 £3.84246
Perpetual 13.2p
Sainsbury (J) 3p
SCA Capital Corp. BV 4¼% Gtd. Cnv. Bds. 2004 Ecu42.5
Treasury 2½% IL £1.8058
Victorian Public Authorities Fin. 8¼% Gtd. Bds. 2002 $412.5

■ **TOMORROW**
Asahi Breweries FRN's 1996 Y248,178
East Surrey Hldgs. 4.43p
Echlin Inc $0.175
Land Securities 7¼% lst Mtg. Deb. 1991/1996 £1.569178
Marston, Thompson & Evershed 1.6p
Merrydown 1p
Motorola Inc $0.11
National Westminster Bk. Dollar Prf. Series A $0.532
Do. Dollar prf. Series B $0.4375
Sanwa Fin. Aruba AEC Gtd. FRN's 2004 $1,022.57
Do. Gtd Sp.Gtd. FRN's 2002 $511.28
Smithkline Beecham 'A' 2.533p
Smithkline Beecham Equity Uts. $0.04718
Do. A.D.R. $0.2359
TGI 0.6p
VSEL 10.5p

■ **WEDNESDAY**
JANUARY 19
Barings BV Gtd. Fltg. Rate. Cap. Nts. 2001 $255.56
Concentric 4.09p
Dawson Intl. 1.5p
Metro Radio Grp. 4p
National Power 3.75p
Northern Industrial Improvement Tst. 16p
United Kingdom 9¾% Exchequer Stk. 1998 £4.875
Do. 2% Index Linked Treasury Stk. 2006 £2.03
Wells Fargo Fltg. Rate Sub. Nts. 1997 £92.64

■ **THURSDAY**
JANUARY 20
Bradford & Bingley Bldg. Soc. 11⅝% Perm. Int. Br. £581.25
BSS Grp. 5.75p
Dunedin Worldwide Inv. Tst. 7.1p
Ferrais Grp. 1.25p
Fidelity European Values 0.3p
Fisons A.D.R $0.2541
Fuller, Smith & Turner 2.52p
Genesis Chile Fund $0.60
M & G Income Inv. Tst. Geared Units 1p
Do. Package Units 1p
Northern Rock Bldg. Soc. FRN's 1996 £148.08

■ **FRIDAY**
JANUARY 21
Anglo Irish Bank Corp IR2p
Australia And New Zealand Bk. Grp. A$0.10
Bristol Evening Post 4.25p
Drayton Blue Chip Tst. 2.905p
Henderson Strata Invs. 1.4p
Jos Hldgs. 2.875p
Latin American Extra Yield Fund. $0.275
Marks And Spencer 2.5p
National Westminster Bk. Und. Var. Rate Nts. $1,066.94
Nationwide Bldg. Soc. FRN's 1996 £73.73
Do. FRN's 1998 £74.04
Northern Rock Bldg. Soc. FRN's 1995 £74.04
Okobank O.K. Var. Rate Sub. Nts. 2000 $100.31
Rexmore 1p
Rolfe & Nolan 2.805p
Rowlinson Secs. 0.24p
ShareLink Invs. Services 3p
United Kingdom 10¼% Exchequer Stk. 1995 £5.125

■ **SATURDAY**
JANUARY 22
Sweden (Kingdom of) 13½% Ln. Stk. 2010 $67.50
United Kingdom 12% Exchequer Stk. 1995 £6.00
Do. 4⅛% Ind. Linked Treasury Stk. 2030 £2.154
Do. 13¼% Treasury Loan 1997 £6.625
Do. 11¾% Treasury Loan Stk. 2003/07 £5.875
Do. 14% Treas. Stk. 1996 £7

CONFERENCES & EXHIBITIONS

1994 PALL MALL LECTURE
The Lecture entitled "Corporate Governance - Great Expectations" will be delivered by Sir Owen Green, former Chairman of BTR. He is known to have strong views about boards of directors and shareholders of quoted companies, especially the relationship defined by the Cadbury Committee.
Enquiries: Director Conferences 071 730 0022
LONDON

JANUARY DECEMBER 1994
•• selecting software •• ?
A two-day workshop to guide users through the difficult task of selecting software and computer solutions. Introduces a selection process designed to deliver successful projects, make value for money purchasing decisions, achieve projected benefits and enable the user to manage the project.
Contact: Barnes Associates
Tel: 0565 755714 Fax: 0565 650450
ON-SITE IN-HOUSE

JANUARY 19-23
The Lapada Antiques and Fine Art Fair
A superb presentation by 100 dealers together with a truly captivating ambience makes this an occasion to be enjoyed by the connoisseur and the collector alike.
Enquiries: Linda Colban
Centre Exhibitions Tel: 021 767 2760
NEC, BIRMINGHAM

JANUARY 24-26 1994
Business Process Re-engineering Seminars
Continuing series of monthly seminars for executives and managers charged with designing and implementing BPR initiatives. Presented by a leading US practitioner, we offer a practical 'how-to-do-it' perspective in an intensive residential setting.
Contact: Richard Parris, Vertical Systems Intercede Ltd Tel:+44-455-250266
Fax:+44-455-890821
MIDLANDS

JANUARY 25-26
Introduction to Risk Management
Training course covering derivative markets, Currency Options, FRAs, Futures, Interest Rate Swaps and related products. For Corporate treasurers, bank dealers marketing executives, financial controllers, systems and support personnel. £480 + V.A.T.
Lywood David International Ltd.
Tel: 0959 565820 Fax: 0959 565821
LONDON

JANUARY 27
Banking Relations - 'PERCEPTION versus REALITY'
Why are good banking relationships important? Why choose one bank above another? How to get the most from your banking relationships. Excellent speakers, including The Bank of England, will discuss topical issues by way of experience and case studies.
Contact: Becky Leight-Pollitt, The Association of Corporate Treasurers on 071 353 2443
LONDON

JANUARY 28 1994
Managing New Product Development for Business Turnaround
A conference organised by the Design Museum at the London Business School. This one-day conference will focus on the role of design and new product development within organisational strategy. Aimed at senior managers in small and medium enterprises. Phone The Design Museum on 071 403 6933 Fax 071 378 6540 for further details.
LONDON

JANUARY 28
Understanding Parliament Seminar
A full-day conference examining the key Govenment institutions and their relationship with industry. The seminar is designed for a business audience. Speakers include the Rt Hon the Viscount Tonypandy, Lord Privy Seal the Rt Hon Lord Wakeham, Government Minister Gwilym Jones MP, Chairman of Welsh Affairs Select Committee Gareth Wardell MP. For details call Deirdre Griffith at the Industry and Parliment Trust on:
Tel: 071 976 5311 Fax: 071 828 7778
CARDIFF

JANUARY 30 - FEBRUARY 1
Expatriate Tax Training for HR Professionals
Managing Expatriates? Improve your efficiency and cost-effectiveness. Training by Ernst & Young, advisers to the world's largest multi-national employers. Limited availability. Contact: Sue Griffiths, Ernst & Young Tel: 071 931 2618
ST ALBANS

FEBRUARY - DECEMBER 1994
The Cable Television Association 1994 Series
Seven one-day conferences on practical management and operational issues in the UK cable TV and telecoms industry. First two: FEBRUARY 17: MARKETING: To Build the Business APRIL 21: TELECOMS: Gaining Market Share
For full details on these plus whole series call Sarah Thwaites on 071 734 6143
LONDON

FEBRUARY 7
Doing Business with Eastern Banks
Joint seminar run by The Chartered Institute of Bankers + KPMG. Includes case study on Romania, speaker from Czech Republic bank and chaired by Dr A R Prindl.
Contact: Kathy McCall, CIB
Tel: 071-623 3531 Fax: 071-929 4301
LONDON

FEBRUARY 7
Resource Management in the Public Sector
This conference will provide a practical forum to review the opportunities for selling services to the public sector and examine how a successful and enduring partnership can be built between the public and private sectors to the advantage of both.
Enquiries: Financial Times
Tel: 071 814 9770
Fax: 071 873 3975/3969
LONDON

FEBRUARY 8
Profiting from Risk
A one day conference tackling the principles and practises of financial risk. Topics cover the dynamics of exposure management from credit risk, through traders and training, to the competitive advantage of better risk management and the logistics of an IT solution.
The Brewery
STI Conference Division
Tel: 071-417 7404/5/6/7
LONDON

FEBRUARY 8
Improving the value of I.T. investments
This conference presents practical solutions to the problems of evaluating the impact of I.T. on business performance. Senior executives, along with leading academics & consultants present workable methods for measuring the business benefits of I.T.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

FEBRUARY 8-9
Practical dealing course - Foreign exchange
Training in Spot and Forward forex dealing for trainee/junior dealers and Corporate treasury personnel. Highly participative course including WINDEAL (PC Windows-based dealing simulation). Training effected by practitioners with many years' market experience.
£480 + V.A.T.
Lywood David International Ltd.
Tel: 0959 565820 Fax: 0959 565821
LONDON

FEBRUARY 9
How to Plan and Manage a Small, Rapidly Growing Company
This one-day seminar will give practical advice, techniques and methods for strategic planning, managing growth and setting future goals for small, rapidly growing companies.
Enquiries: Director Conferences
071 730 0022
LONDON

FEBRUARY 11
The London School of Economics
Will be running a conference on Maastricht & Subsidiarity & The Environment. The conference will be of interest to those affected by the European Union, particularly its environmental protection policies.
Further details from:
LSE Short Courses Office
Tel: 071 955 7227 Fax: 071 955 7676
LONDON

FEBRUARY 11
Financing For Growth
Businesses which have survived the recession must now consider both their short and long term financial strategies. This conference will analyse the steps necessary for gaining competitive edge in the post-recession market.
For further details contact Acquisitions Monthly Tel: 071 823 8740
Fax: 071 581 4331
LONDON

FEBRUARY 15
The International Economic System after the Uruguay Round: Developing Countries' Trade and Financing
Organised by the Overseas Development Institute. Speakers: senior officials from GATT, World Bank and other international institutions. Who should attend: corporate planners, economists and policy-makers with an interest in developing countries' trade.
Enquiries: ODI Tel: 071-487 7591
Fax: 071-487 7590
LONDON

FEBRUARY 16
UK Radio: The Challenges Ahead
In-depth conference on critical issues facing UK radio industry and how to create strategies for success. Free-wheeling panels on the BBC vs commercial radio, investment, advertising initiatives and programme formats.
Contact: Patricia Baynton, Kagan World Media Limited
Tel: 071 371 8880 Fax: 071 371 8715
LONDON

FEBRUARY 16
Technology Series 1: Management Information Systems
Morning seminar exploring essential business systems and their practical application in Operations, Marketing and Finance. Speakers from Brunel University will challenge assumptions, enabling delegates to improve competitive edge through technology.
Contact Nick Hamilton at West London TEC on 081-814-3240.
Fax: 081-570-9969
LONDON

FEBRUARY 16-17
Integrating Change Management
Chaired by Christopher Lorenz of the Financial Times, this event focuses on strategies, tools and techniques for effectively managing complex and corporate change. Emphasis will be given to leadership, human dynamics of change, programme prioritisation and key success factors.
Enquires: ICM - Tel: 0483 37557.
LONDON

FEBRUARY 16-18
Successful Application of Business Re-Engineering
The most comprehensive executive seminar and workshop on the subject to be presented this year - offers explanation and case histories for senior executives and an interactive workshop for project staff tasked with implementation.
Contact: Peter Barnes
The Infomatics Resource Centre
Tel: 081 871 2546
LONDON

FEBRUARY 24
EIS & Competitor Intelligence: Developing Competitor and Business Intelligence Systems for Managers
Conference explores how EIS and related systems can improve the quality, scope and relevance of external information provided to managers. It discusses the intersecting roles of the various contributors and stakeholders in this process.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

FEBRUARY 24-25
Acquiring In Europe
An essential M&A forum for anyone considering making a European acquisition. Top experts take you through the acquisition maze and cover both technical and practical aspects of acquiring in all the major European centres. For further details contact: Acquisitions Monthly Tel: 071 823 8740
Fax: 071 581 4331
LONDON

MARCH 2
Public/Private Sector Partnerships: The New Opportunities in the UK
A one day conference March 2nd 1994. Speakers include Virginia Bottomley MP, Stephen Dorrell MP, Tim Sainsbury MP, Roger Freeman MP, Sir Alastair Morton, Lord Parkinson, Simon Keswick.
Details from
City & Financial Conferences
Tel: 0276 856966 Fax: 0276 856566
LONDON

MARCH 7, 8, 9
Devising a Regional Transport Strategy
A conference looking at a South East Transport Strategy in a national context. Promoted by SERPLAN, speakers incl Rt. Hon John MacGregor OBE MP, Steven Norris MP, David Curry MP. Issues incl land use, investment criteria, private finance, road charging, congestion, demand management, regulatory control, DRIVE, green issues & London's transport needs. Contact:
Iain Dale, The Waterfront Partnership
Tel: 071 730 0430 Fax: 071 730 0460
LONDON

MARCH 8
IT & Corporate Transformation: New approaches to creating and maintaining strategic alignment between IT and the business
This conference explores the success factors and key problems associated with implementing IT strategies to support a business undergoing major change. It highlights the outstanding issues and provides practical guidance on how to handle them.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

MARCH 10-11
Winning People
Queen Elizabeth II Conference Centre, London. Based on a new research study from the London Human Resource Group, this two-day pan-European conference will highlight the actions that personnel directors need to take in response to the new business challenges facing European banking, insurance, accountancy, law and software firms.
Contact: Anna Rajan/Penny van Eupen CREATE
Tel: 0892 526757 Fax: 0892 542988
LONDON

MARCH 10-11
Understanding Telecommunications
At this intensive two day seminar you will learn about the effects of competition and de-regulation on domestic and global telecommunication services, the opportunities for business users created by the proliferation of new technologies and how to determine the ideal infrastructure for your business. Contact: Peter Barnes
The Infomatics Resource Centre
Tel: 081 871 2546
LONDON

MARCH 16-17
Know Your Competitors
Competitor Intelligence & Analysis inc. Benchmarking. A practical two day seminar/workshop from the UK's No 1 specialists. Practical case exercise, successful case studies. Guest speaker who is head of a major company's intelligence unit.
Contact: Patricia Donnard, EMP Intelligence Service. Tel: 071-487 5665
Fax: 071-935 1640
LONDON

MARCH 23-24
Business Re-engineering: Managing Radical Change
This two-day international conference explores how to address the organisational and human challenges of business re-engineering, including frank discussion of the reasons why so many initiatives fail and explores practical methods for achieving critical buy-in and support for redesigned processes and new working practices.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

MARCH 23-24
PlanEcon. DRI conferences: Eastern Europe's Economic Recovery & Former Soviet Union's Continuing Decline
with Dr. Leszek Balcerowicz and Opportunities & Challenges in the Region's Energy Industries with Dr. Robert Berles, US Department of Energy. Please contact Patricia Matthews, DRI on + 44-81-545-6212.
LONDON

MAY 19-20
Cardiff Business Gateway to Europe
Conferences 19th & 20th May. Cardiff International Arena, Wales. Why is South Wales so successful in winning inward investment? Speakers including Lord King examine one of the most successful campaigns ever mounted.
Tel 0222 457111 or fax 0222 457222
CARDIFF

INTERNATIONAL

JANUARY 27 & 28
Technical Assistance/Economic Aid to the former Soviet Union, Central and Eastern Europe
Maximising financial and business opportunities through multinational aid programmes: WORLD BANK, EBRD, PHARE, TACIS, KNOW-HOW FUND. Importance of consultancy, access to funds, practical advice.
INTERFORUM Tel: +44 (0) 71 386 9322
Fax: +44 (0) 71 381 8914
BRUSSELS

FEBRUARY 7-10
Lafferty's Cards & Payments Convention
incorporating Bank Cards, Smart Cards & Electronic Payments. Topics include: technology, marketing, third-party processing, POS updates, cross-border payments. Speakers from Visa, Europay, Cartes Bancaires, IBOS, APACS.
For further information, please contact Catherine O'Reilly, Lafferty Conferences on tel: (+353 1) 6718022 or fax: (+353 1) 6713594
FRANKFURT

FEBRUARY 12-16
Russia - Investment Strategies & Market Opportunities
A team of top Russian experts and government officials will explore business opportunities for foreign investors in Russia. A list of over 500 investment projects will be unveiled at the conference. Private consultations with experts can be arranged in advance.
Contact: Malta - Dr Elizabeth Zolina
Tel: 01 0356 222030
Fax: 01 0356 244512
London - Mr Vladimir Molchanov
Tel: 071 229 6412 Fax: 071 727 8625
MALTA

FEBRUARY 17-18
Business and European Environmental Policies
A major debate between companies, professional organisations and European Union officials on future policies and strategies and how EU financial assistance can be obtained by business, the regions and public services to adapt to new regulations. Contact: Club de Bruxelles
Tel: (32.2.771.9890) Fax: (32.2.770.6671)
BRUSSELS

MARCH 1 1994
Eurobudget '94 Conference European Union 1994 Budget
Business Opportunities (70 Billion Ecu)
Top EC officials will explain EU 94 budget lines and how they will benefit specific business sectors. Aimed at organsiations from EU and EFTA countries wanting their share of EC funding. Chairman: John Tomlinson, MEP, Budgets Committee.
Contact: SGD Société Générale de Développement S.A., Brussels.
Tel: +32 2 512 46 36 Fax: +32 2 512 46 53
BRUSSELS

MARCH 30 & 31
Central & Eastern European Power Industry Forum
The latest and future developments in the electricity generating industry in Central and Eastern Europe. A forum on ownership issues, creative project financing, competition and cooperation opportunities. High level.
Contact: Penn Well C&E
Tel: 31-30-650963 Fax: 31-30-650915
PRAGUE

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The Markets

THIS WEEK

Global Investor / **Peter Martin**

All together now for 1995

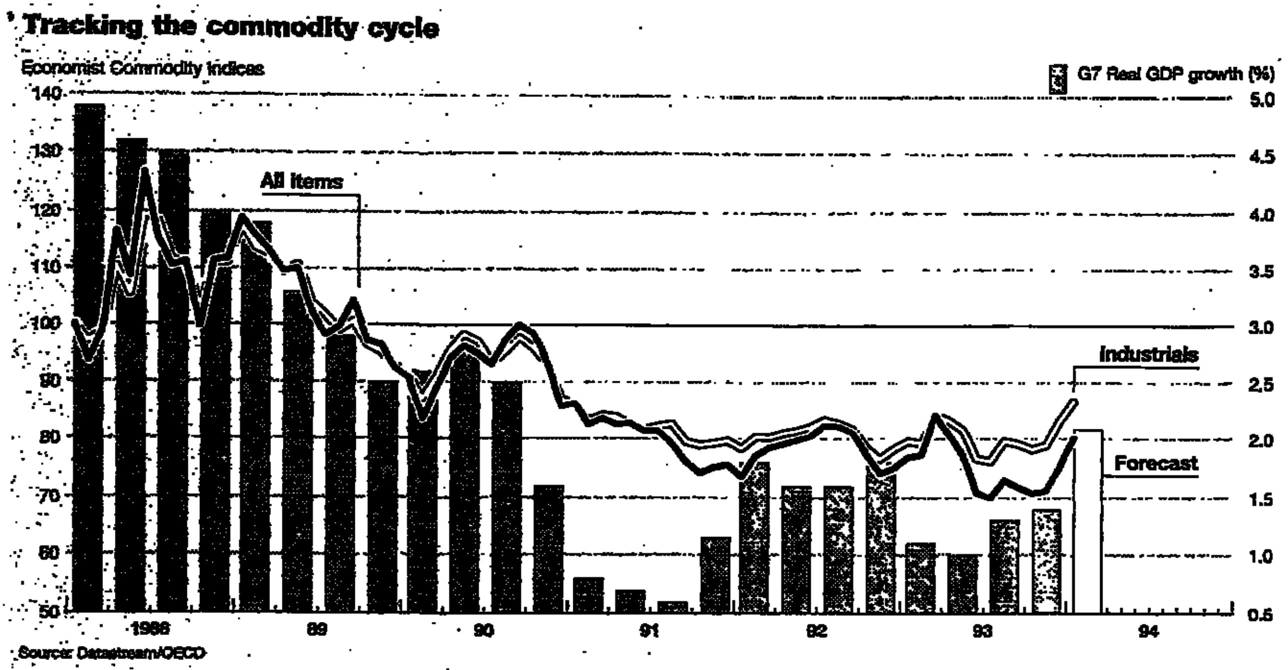
Will 1995 be the first strong year of global growth since the 1980s? Investment analysts who have written off the prospects for 1994 – continental Europe still stagnant, Japan still deflating, US and UK throttled back by tax rises – are starting to console themselves with the thought of the year after. "Most of us have forgotten what synchronous global growth is like," writes Maureen Allyn of Scudder, the US fund managers.

Amnesia is particularly common on the subject of commodity prices, partly because, as the chart shows, the uptick of developed country growth in early 1992 was accompanied by largely stable prices for industrial raw materials. However, just because commodity prices fell consistently between the summer of 1988 and the autumn of 1993 is no guarantee that they will stay down. Indeed, the pickup in raw materials prices in the fourth quarter of 1993 is one of the more unremarked developments of recent months.

Commodity prices are only one of the elements in global inflation, of course, and the rupture of the wage/price spiral in many countries means that even if there is a sharp rise in the cost of raw materials, it need not feed so rapidly into the general price level.

One other comfort is often cited, the downward pressure on prices stemming from the shift of manufacturing output to the Pacific Rim. This is "just plain wrong", argues Albert Edwards of Kleinwort Benson in London. In low-wage economies raw materials account for a far higher proportion of costs than in mature, high-wage economies. "Thus if commodity prices start rising," he says, "low-wage producers will be forced to pass on these increases far more quickly."

Tracking the commodity cycle



Source: Datastream/OECD

A strong year worldwide in 1995 might pose some inflationary risks. For big international companies, however, it would be the first year since 1989 when results were not damaged by recession somewhere in the developed world. If that thought becomes widespread, it would do something to justify the level at which stock markets are selling.

Germanic

The Germanisation of the UK money markets comes a step closer on Thursday when the Bank of England announces the terms of its first extended repo facility, allowing the Bank to supply funds to the money market on a more settled, longer-term basis than its current day-to-day activities. It will make its operating practices look a little more like those of the Bundesbank.

Whether the Bank starts to innovate more rapidly will partly depend on how seriously it takes the recommendations of papers for the City Research Project written by Norbert Schnadt of the Financial Markets Group at the London School of Economics.

Mr Schnadt argues that London's attractiveness as a financial centre is hampered by the volatility of short-term interest rates, which in turn stems from the Bank's traditional operating practices. These are influenced by the Bank's historic rivalry with the clearing banks. It is more than a century since the Bank stopped lending in competition with the clearers, but it is still left with the folk memory of the preceding 200 years.

Nonetheless, in its tercentenary year, there are signs that the Bank is throwing off this legacy of the past. The new repo system is the logical extension of the post-1987 changes to the money market which deprived the discount houses of their unique access to the central bank and brought it, at last, into direct bilateral dealings with the clearers.

Now, the Bank is undergoing a period of intense introspection as it redraws its internal organisation to support its three core aims: monetary stability, systemic stability, and the attractiveness of the UK as a financial centre. Its response to Mr Schnadt's recommendations for a further extension of the repo system will indicate just how much weight it places on the third of its priorities.

Re-integration

The death of vertical integration, discussed in this space last week, has started to generate its own contrarian antithesis. Boston Consulting Group has just published a note proclaiming a rebirth of vertical integration, not in the wholly-owned form of the past, but as a partnership linking the entire supply chain into an integrated customer-focused system.

"One such group," says BCG, "is Du Pont (fibres), Spring Mills (fabric), Warren Featherstone (children's apparel) and Mercantile stores.

"They first got together to defend themselves against imported clothing and began by sharing point of sale information. Later they started to co-operate in planning product-line introductions. The result has been spectacular. Markdowns are a third of the industry average, gross profit margins rose throughout the past recession, and share of market has increased."

From an investment point of view, the new co-operators are as attractive as the companies profiting from dis-integrating. Just harder to spot.

Bloodletting

The first anniversary is upon us of a remarkable week of corporate bloodletting in the US. A few days in late January 1993 saw John Akers resign at IBM, Paul Lego leave at Westinghouse, and James Robinson take the first step towards the door at American Express.

The US results season, just getting under way, will give investors their first considered opportunity to pass judgment on the performance of the departing bosses' successors. In advance of this opportunity, reaction has been mixed. Westinghouse, for example, has consistently underperformed the US market since the change of management. American Express initially outperformed but has drifted downwards in relative terms since last autumn.

IBM, the most spectacular case of a company in trouble, initially did comparatively poorly but has outperformed since December. Nonetheless, a year after IBM cut its dividend its shares are selling for less than they did two decades ago.

Analysts are starting to say it is time to re-assess IBM's prospects. Good results could turn favourable opinions into some solid buying. There are still just as many pros as there are cons, however.

On the plus side is Louis Gerstner's decision, a few months after taking over as chairman, to undo the radical decentralisation planned by John Akers. IBM is a global, full-line computer company or it is nothing. Splitting the company up as Akers planned would have destroyed this precious asset. Other pluses include the much tighter focus on costs, the move towards a new unifying technology (the chips designed for the PowerPC, which may eventually unite all IBM's range), and the determination to exploit IBM's greatest single advantage, the installed base of existing computers, by listening more closely to customers' complaints.

Against that there is the vulnerability of the mainframe business, on which IBM's profitability still depends; the history of slow development, with promising innovations delayed by internal competition and the worldwide duplication of bureaucracies and facilities.

Tackling this last weakness will mean, in 1994, the sort of cuts in Europe which have already affected IBM's US operations, which will weaken IBM's hold on its European customers and its ability to present itself as the model corporate citizen.

Conclusion: IBM's long-term prosperity is not assured, but in the short run investors may take the opportunity of any favourable earnings news to re-assess the company's shares. Slightly further out, much hangs on Europe, where the computer-downsizing trend is not yet as well-established as in the US. As Europe starts to recover from recession, IBM will be hoping for a few more lucrative mainframe years there. That might be the breathing space Mr Gerstner needs.

Total return in local currency to 13/1/94

	% change over period					
	US	Japan	Germany	France	Italy	UK
Cash						
Week	0.06	0.05	0.12	0.13	0.16	0.10
Month	0.28	0.20	0.53	0.56	0.72	0.47
Year	3.81	3.47	7.44	9.50	12.44	6.66
Bonds 3-5 year						
Week	0.57	-0.45	-0.09	0.18	0.19	-0.09
Month	0.92	-0.12	0.52	1.15	1.64	-0.14
Year	9.09	10.55	12.53	17.50	27.41	12.86
Bonds 7-10 year						
Week	1.06	-0.11	0.05	0.56	0.13	-0.35
Month	1.28	0.69	1.06	1.63	2.12	0.39
Year	13.64	14.89	16.45	23.48	39.15	20.26
Equities						
Week	1.2	1.9	-2.8	-0.3	-0.3	-0.9
Month	1.6	2.2	-0.7	4.3	0.5	4.4
Year	11.6	19.5	43.7	36.2	39.5	29.3

Best performing stocks from FT-A World Indices in local currency to 13/1/94

		% change		
	Close	Week	Month	Year
Playmates Property	3.10 HK$	50.8	67.4	77.2
Hanwa	730 Y	40.4	-16.2	-47.9
Nippon Paint	655 Y	24.8	29.4	33.4
Sakanska	226.0 SK	22.8	34.5	182.5
Tattinger	2,910 FF	20.5	38.6	35.3
CEPSA	2,910 Pt	20.0	15.0	7.4
Aalborg Portland	650 Kr	19.2	12.4	63.9
Misawa Homes	1,000 Y	19.0	-10.7	0.3
Crean, James	315.0 E£	18.9	10.5	13.7
First National Finance	72.5	18.9	22.9	24.7

Source. Cash & Bonds - Lehman Brothers. Equities - © NatWest Securities
The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

Economic Eye / **Edward Balls**

Unstable foundations of the Chinese economic miracle

Arriving in today's China is a shocking experience. Even the most experienced Sino-travellers marvel at the pace of economic development in Chinese cities and the enthusiasm with which urban dwellers are embracing the trappings of capitalist societies.

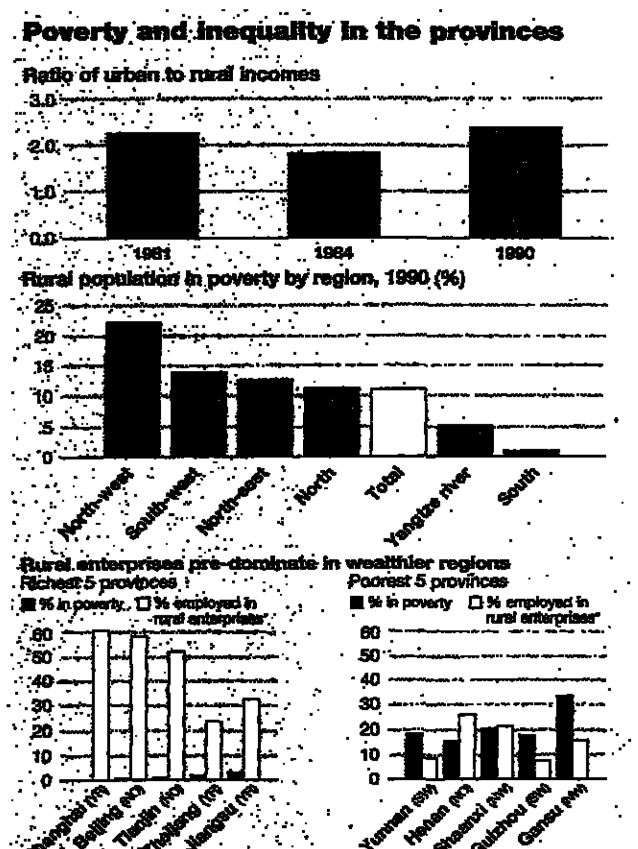
For Lloyd Bentsen, the US treasury secretary who lands in Beijing on Wednesday, having spent last week in Moscow, the signs of economic dynamism will look even more sparkling. A week in Moscow is enough to convince anyone that there are no easy solutions to Russia's economic difficulties. China, by contrast, is in the seemingly enviable position of having too much growth rather than too little.

After fifteen years of market-orientated reform in which economic growth has averaged nearly 10 per cent a year, the assumption built into most scenarios of the coming decade is that China's economic miracle will continue. Certainly the large number of foreign companies who have poured into China over the past three years believe so. So does the World Bank. Last year's report on the economic prospects for developing countries estimated that, by the beginning of the next decade, China's economy (properly measured) would be larger than that of the US.

However will the past turn out to be as reliable a guide to the future as many investors seem to hope? Perhaps. But it is also possible to construct a scenario in which China's economic success story goes decidely sour. Like Russia, China suffers from a number of post-planning hangovers – inequality and under-employment, growing regional tensions and a decline in central authority – which could yet undermine its prospects for the decade ahead.

It is easy for the foreign visitor to be fooled by a city-hopping trip to China. Travelling by train rather than aeroplane quickly reveals that the vast mass of rural China remains poor and undeveloped. The percentage of the population which now lives in poverty has fallen from 33 per cent in 1970 to 9 per cent in 1990. But 100m Chinese are still living in absolute poverty, many of whom are under-employed farmers. The Chinese government estimates that 130m of the total 333m agricultural labour force is surplus to requirements, a figure which could reach 200m by the end of the decade.

Poverty and inequality in the provinces



Source: World Bank/FT calculations *% of working population, region in brackets

The income gap between urban and rural populations, after narrowing in the early 1980s, is growing again, as the upper chart shows. But it is regional differences in growth and poverty which hint at the underlying threat to China's economic future. Poverty rates are much higher in the northern and western regions, far from the coastal growth centres. In these regions, rural manufacturing enterprises employ a much smaller percentage of the rural workforce.

The market economy ought to provide an easy mechanism for easing the political tensions that regional inequalities on this scale can throw up by mass migration of rural workers to urban areas in the richer provinces. But in China, legal inter-provincial migration is strictly controlled in order to maintain "social stability". This, translated, means that the central government and affluent provincial governments want to stop what they consider would be a socially explosive flood of poorer workers into cities. But sporadic rural riots and the large groups of illegal rural migrants in China's main cities suggest this attempt to bottle-up the problem is not succeeding.

Alternatively, the central government could use the tax system to spread the fruits of growth more widely. But in China, as in Russia and other former communist states, total tax revenue has dropped sharply in the past decade. Within this declining total, the share of revenue which the central government retains has fallen from 60 per cent in the early 1980s to 45 per cent by the end of the decade as the richer and progressively more powerful provinces have become increasingly unwilling to transfer revenue to the centre. The central government's new value-added tax is supposed to solve this problem. It will only succeed if increasingly unco-operative, or corrupt, provincial officials are willing to collect and pass on the revenues.

As the power of the centre has weakened, so its ability to manage the economy has also dwindled. The fall in tax revenue has undermined the power of fiscal policy as a macroeconomic policy weapon for the central government. Provincial governments have also extended their influence over the local branches of the central bank, thereby undermining central monetary control. The result has been progressively violent boom-bust cycles of rapid growth followed by accelerating inflation.

Meanwhile, as total tax revenues have fallen, so monetary policy has become the main means of financing subsidies to loss-making state enterprises. According to estimates by Professor Jeffrey Sachs of Harvard University, these consume 10 per cent of GNP. So far they have not been inflationary largely because of the willingness of the Chinese public to build-up substantial savings in money deposits. But the rapid growth of street-side sellers of shares suggest that the public's toleration for money savings may be dwindling.

In short, the risk of a destabilising acceleration in inflation is growing. But the central government faces a paradox. The success of further decentralised economic development is increasingly dependent on a substantial re-centralisation of economic power to control inflation and share the fruits of growth. That industrial output and inflation are both still accelerating, despite the central government's campaign to slow the economy last year, suggests that its softly softly approach to re-establishing central economic control is not working. A return to more repressive central government, and a stalling of reform and economic growth, may yet be the only way to force the richer provinces to recognise that this re-centralisation must occur. Continued rapid growth in China is far from assured.

WORLD BOND MARKETS: This Week

NEW YORK — Richard Tomkins

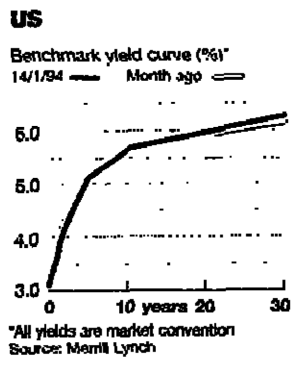
Prices of Treasury notes and bonds suffered a series of blows at the end of last week as the market took fright at a second straight day of strong economic news.

Thursday had already seen the benchmark 30-year Treasury bond shed almost a point in response to stronger than expected growth in consumer spending.

Then on Friday, it lost nearly half a point more when the Federal Reserve reported that industrial production had jumped by 0.7 per cent in December compared with expectations of a figure nearer 0.4 per cent.

After that, the coming week should look relatively tame. For a start, the market is closed today for Martin Luther King Memorial Day – and the rest of the week is likely to mark a hiatus after last week's activity as investors regroup in readiness for the release of the key data for January employment, due out on February 4.

US



*All yields are market convention
Source: Merrill Lynch

That said, the market will not be left without some data to chew over. The figures for November's trade deficit are expected to show a slight shrinkage from October's $10.5bn on Wednesday.

On Thursday, December housing starts should show a slight fall from November's 1.43m and new filings for unemployment claims are expected to have stood at 325,000 in the week ended January 15.

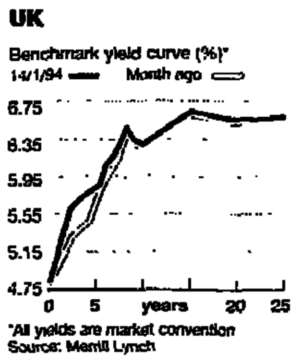
LONDON — Philip Coggan

The gilts market will probably concentrate on this week's economic statistics for evidence about inflation, now expectations of an imminent base rate cut appear to have receded. Mr Peter Fellner, gilts strategist of NatWest Markets, said the figures would be looked at for any signs which might dent "the consensus expectation of non-inflationary growth".

The December retail prices index along with retail sales figures are due out on Wednesday. Traders expect retail sales growth to be strong, in the wake of recent M0 figures, and the fact that December 1992's poor figure will drop out of the index.

Analysts say the headline inflation figure will pick up from November's 1.4 per cent, probably to an annual rate of 2 per cent, as mortgage rate cuts in December 1992 drop out and Budget increases in petrol duties kick in. The underlying rate, which excludes mortgage payments, may rise to an annual 2.7 per cent.

UK



*All yields are market convention
Source: Merrill Lynch

The Bank will reveal more details on Tuesday of its auction of 2008-12 stock, scheduled for January 26. The market expects the issue to raise £3bn, have a maturity of 2010, and yield 6.5 per cent. Traders were relieved that the auction was not for longer-dated stock, as that would have suggested the Bank felt long gilt yields had reached bottom.

FRANKFURT — David Waller

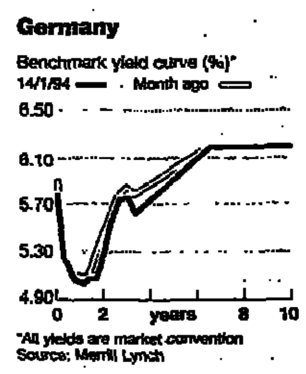
As Bundesbank president Mr Hans Tietmeyer said on Friday last week, German interest rates will not stay at current levels "for longer than necessary".

How long that will be remains open, but the remarks rekindled speculation that the German central bank will deliver its long-awaited rate cut on Thursday, when the policy-making council holds its second meeting of the year.

Ahead of the meeting, investors' attention will be focused on currency developments. The D-Mark's weakness against the US dollar helped drive bund prices down sharply on Friday and investors will treat any signs of a strengthening US economy – implying the need for higher rates in the US – as bad news for bunds.

It may be that currency considerations will restrict Mr Tietmeyer's freedom to ease the Lombard and discount rates from 6.75 and 5.75 per cent respectively, even if preliminary January inflation data (due towards the end of week) suggest a cut is justified on domestic grounds.

Germany



*All yields are market convention
Source: Merrill Lynch

Even if the D-Mark remains stable against the US dollar, economists said the Bundesbank would be unlikely to deliver more than a 0.25 per cent cut in the discount rate. There was scope for bund yields to drop from current levels in the first half of the year but the fall was not likely to be dramatic, they said.

TOKYO — Emiko Terazono

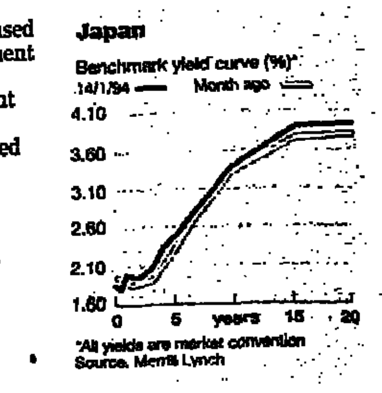
Concerns of oversupply caused by last Friday's announcement that the finance ministry would be selling government bonds outright for the first time in 11 years, are expected to continue this week.

The yield on the No 157 10-year benchmark, which closed up 11 basis points at the week's high of 3.165 per cent on Friday, may rise further as investors take profits on their positions.

The government, which usually sells bonds with repurchase agreements, expects to sell about Y900bn to fund the forthcoming economic support package. The MoF sold Y800bn worth of bonds without repurchase agreements in 1978, Y300bn in 1981, Y1,500bn in 1982 and Y900bn in 1983. The outright sales via the Bank of Japan could start this week.

Meanwhile, hopes of a discount rate cut have receded due to the recent strength on the stock market. The Nikkei index gained 4.7 per cent last week on active buying by foreign investors, and analysts expect fund flows into Tokyo could last if Asian stock markets continue to slide.

Japan



*All yields are market convention
Source: Merrill Lynch

Investors are expected to focus on political developments this week. Prime Minister Morihiro Hosokawa wants to push the political reform bill through on Wednesday. A delay in the upper house could further postpone the economic stimulus package, due to be announced Thursday.

Capital & Credit / Conner Middelmann

Dollar FRNs back in the limelight

The dollar floating-rate note (FRN) sector staged a dramatic come-back last week and is set to grow further in coming months, driven by growing investor demand.

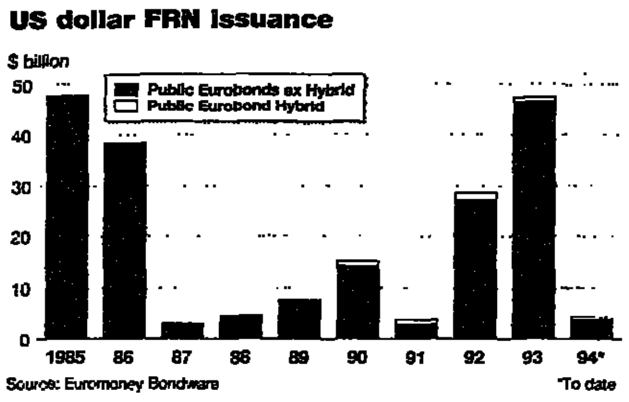
Investors' recent appetite for US dollar FRNs largely reflects fears that, as the US economy continues to recover, the US Federal Reserve will tighten monetary policy to forestall a resurgence in inflation.

"Investors are beginning to feel the next move in US interest rates will be up, which means there's a special attraction in holding floating-rate instruments," said a London syndicate official.

"We have seen a major reallocation of funds from fixed-rate into floating-rate paper," added another.

Last week's highlight in the FRN sector was Canada's $2bn five-year issue, paying a coupon of three-month Libor minus 25 basis points. Although the deal was considered to be aggressively priced, it met with solid demand. Total FRN issuance last week amounted to some $2.9bn.

US dollar FRN issuance



Source: Euromoney Bondware

*To date

"After last week, it's fair to say the FRN market is back," said a senior London banker.

The FRN market slumped in 1986 after the perpetual floating-rate note sector crashed; in the aftermath of the sell-off, issuance dried to a trickle and the market became illiquid.

Only in the last two years has it managed to get back on its feet and enjoy growing popularity among investors.

Analysts at Kidder Peabody cite several reasons for the market's recovery. For one, innovative structures, such as so-called collared floating-rate notes (where the coupon range is limited by a floor rate and a ceiling rate) have enabled issuers to achieve sub-Libor funding through floating-rate products.

Furthermore, volatility in European currency markets, amid uncertainty over European Monetary Union, increased the attraction of US dollar floating rate securities as a safe haven investment, the analysts note.

Lastly, they point out that tight swap spreads have offered limited arbitrage opportunities, making it more difficult for borrowers to issue fixed-rate and swap into sub-Libor funds.

Most syndicate managers expect to see substantial FRN issuance in coming weeks, partly because floating-rate debt currently can offer comparatively cheap funding.

"The market has got to the stage where it has become more cost-competitive and efficient for raising large size," says an FRN trader, adding, "at the moment it tends to be cheaper to borrow floating-rate funds."

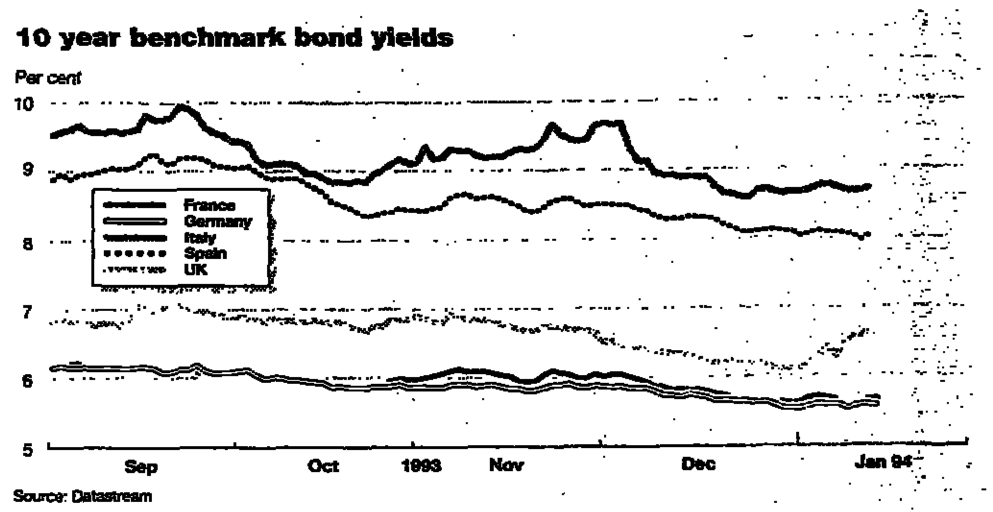
Moreover, floating-rate debt offers borrowers maximum flexibility as they can include a call option which the borrower can exercise if its funding needs change. Canada, for example, included a call option after the first year.

With the US furthest ahead in the global interest-rate cycle, the dollar sector is expected to dominate FRN issuance in coming months. But once rates are seen to have bottomed in Europe and Japan, issuance is also expected to pick up in sterling, D-Marks and yen.

Meanwhile, in the sterling sector, some £1.7bn in FRNs, issued mostly by building societies, will be redeemed this year. Building societies, which like to match their variable-rate liabilities and assets, are natural FRN borrowers. A further £2.9bn of FRNs include call options in 1994 and as most of them involve 5 per cent coupon floors, observers say it is likely a substantial amount will be called if UK interest rates are cut again.

"If base rates are cut to 5 per cent, Libor will probably fall below that level, making an FRN with a 5 per cent coupon rather expensive funding," said a syndicate manager. "The market may see quite a lot of paper being withdrawn, some of which could get refinanced," especially if building societies see an upturn in mortgage demand, he said.

10 year benchmark bond yields



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	3.00	1.75	5.75	7.00¹	8.00	5.50²
Overnight	2.88	2.34	6.00	6.43	8.25	5.31
Three month	3.03	2.09	5.81	6.18	8.25	5.30
One year	3.54	1.93	5.26	5.50	7.75	5.24
Five year	5.10	2.40	5.08	5.14	8.28	5.88
Ten year	5.73	3.17	5.61	6.29	8.67	6.33

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

UK GILTS PRICES

Notes	Price £	W'k % +/-	Amnt £m	Interest due	Last xd	City line
Shorts" (Lives up to Five Years)						
Treas 8½pc 1994	100⅝xd	—	2,100	Fe3 Au3	29.12	4871
14½pc 1994‡‡	101⅛	-.2	550	Mr1 Se1	28.7	1307
Exch 13½pc 1994	102⅞	-.2	1,100	Ap27 Oc27	20.9	1267
Treas 10pc Ln 1994‡‡	101⅞	-.1	1,900	Je9 De9	2.11	1284
Exch 12½pc 1994	104⅞	-.1	1,240	Fe22 Au22	16.7	1263
Treas 9pc 1994‡‡	103⅛	-.1	1,900	My17 Nv17	11.10	1345
12pc 1995	106⅞xd	-.1	2,350	Ja25 Jy25	20.12	1294
Exch 3pc Gas 90-95	98	—	214	My1 Nv1	27.9	1271
10¼pc 1995	107⅛xd	-.2	2,500	Ja21 Jy21	15.12	1254
Treas 12¾pc 1995‡‡	112⅞	-.3	840	My15 Nv15	11.10	1298
14pc 1996	116⅞xd	-.3	770	Ja22 Jy22	16.12	1305
15¼pc 1996‡‡	121	-.3	1,150	My3 Nv3	27.9	1309
Exch 13¼pc 1996‡‡	116⅞	-.3	800	My15 Nv15	11.10	1268
Conversion 10pc 1996	111⅞	-.3	3,409	My15 Nv15	11.10	1240
Treas 13¼pc 1997‡‡	120⅞xd	-.4	1,290	Ja22 Jy22	16.12	1302
Exch 10½pc 1997	113⅞	-.3	3,700	Fe21 Au21	15.7	1253
Treas 8¾pc 1997‡‡	109⅛	-.3	5,550	Mr1 Se1	26.7	1341
Exch 15pc 1997	130⅞	-.5	830	Ap27 Oc27	20.9	1269
9¾pc 1998	113⅞xd	-.4	3,580	Ja19 Jy19	13.12	1273
Treas 7¼pc 1998‡‡	105⅞	-.4	6,250	Mr30 Se30	24.8	-
7¼pc 1998 B‡‡	105⅞	-.4	1,600	Mr30 Se30	-	-
Treas 8¾pc 1995-98‡‡	101⅞	-.1	1,200	My1 Nv1	27.9	1331
14pc '98-1	130	-.5	970	My22 Nv22	18.10	1306
Five to Fifteen Years						
Treas 15½pc '98‡‡	138⅞	-.6	935	Mr30 Se30	24.8	1308
Exch 12pc 1998	124½	-.6	3,909	My20 Nv20	14.10	1259
Treas 9½pc 1999‡‡	115⅞xd	-.6	1,900	Ja15 Jy15	8.12	1347
Exch 12¼pc 1999	126⅞	-.6	3,050	Mr26 Se26	20.8	1264
Treas 10½pc 1999	120⅞	-.7	1,352	My19 Nv19	13.10	1288
Treas 6pc 1999‡‡	100⅞xd	-.5	3,900	Fe10 Au10	4.1	-
Conversion 10¼pc 1999	120	-.7	1,798	My22 Nv22	18.10	1242
9pc 2000‡‡	114⅞	-.8	5,358	Mr3 Se3	28.7	1244
Treas 13pc 2000	134⅞	-.7	3,171	Ja14 Jy14	8.12	1239
10pc 2001	120⅞	-.9	4,406	Fe26 Au26	20.7	1280
7pc '01‡‡	104⅞	-1.0	3,250	My6 Nv6	-	-
9¾pc 2002	121⅞	-1.1	6,527	Fe27 Au27	21.7	1349
8pc 2003‡‡	111½	-1.1	7,600	Ju10 De10	3.11	-
10pc 2003	124⅞	-1.2	2,503	Mr8 Se8	2.8	1281
Treas 11½pc 2001-4	127⅞	-.8	1,620	Mr19 Se19	13.8	1290
Funding 3½pc '99-4	84⅛	-1.5	543	Ja14 Jy14	8.12	1274
Conversion 9½pc 2004	122¾	-1.3	3,412	Ap25 Oc25	20.9	1246
Treas 6¾pc 2004	103⅛	-1.3	3,250	My26 Nv26	-	-
6¾pc 2004 A (£50 Pd)	52⅞	-2.5	3,000	My26 Nv26	-	-
Conv 9½pc 2005	123⅞	-1.3	4,842	Ap18 Oc18	13.9	1247
Treas 12½pc 2003-5	141⅞	-.9	2,200	My21 Nv21	15.10	1295
7¾pc 2006‡‡	110⅞	-1.5	3,800	Mr8 Se8	2.8	-
8pc 2002-6‡‡	109⅞	-1.0	2,000	Ap5 Oc5	1.9	1334
Treas 11¾pc 2003-7	133⅞xd	-1.0	3,150	Ja22 Jy22	16.12	1293
Treas 8½pc 2007‡‡	116⅝xd	-1.5	5,497	Ja16 Jy16	10.12	1339
13½pc '04-8	149⅛	-.9	1,250	Mr26 Se26	20.8	1301
Over Fifteen Years						
Treas 9pc 2008‡‡	121⅞	-1.5	5,321	Ap13 Oc13	6.9	1343
8pc 2009	113⅞	-1.5	3,100	Mr25 Se25	19.8	1336
Conv 9pc Ln 2011‡‡	123⅞xd	-1.4	4,273	Ja12 Jy12	6.12	1245
Treas 9pc 2012‡‡	124⅞xd	-1.4	5,150	Fe6 Au6	31.12	1701
Treas 5½pc 2008-12‡‡	91⅞	-1.5	1,000	Mr10 Se10	4.8	1330
Treas 8pc 2013‡‡	114⅞	-1.4	4,950	Mr27 Se27	23.8	-
7¾pc 2012-15‡‡	112⅞xd	-1.3	800	Ja26 Jy26	20.12	1332
Treas 8¾pc 2017‡‡	125⅞	-1.1	6,950	Fe25 Au25	19.7	1982
Exch 12pc '13-'17	155¼	-1.2	1,000	Ja12 De12	5.11	1260
Undated						
Consols 4pc	57⅞xd	-1.2	359	Fe1 Au1	29.12	1239
War Loan 3½pc‡‡	52⅞	-1.3	1,909	Je1 De1	25.10	1352
Conv 3½pc '61 Aft	68⅞	-1.7	119	Ap1 Oc1	25.8	1343
Treas 3pc '66 Aft	43⅛	-1.1	56	Ap5 Oc5	1.9	1324
Consols 2½pc	37⅞	-.7	275	5JaApJyOc	1.12	1238
Treas 2½pc	36⅛	-1.4	475	Ap1 Oc1	25.8	1315
Index-Linked (b)						
Treas 2pc '94 (102.9)	138⅞	—	500	My16 Nv16	11.10	5070
2pc '96 (67.9)	202¾	—	1,200	Mr16 Se16	10.8	1313
4⅝pc '98‡‡ (135.6)	112⅞	-.2	800	Ap27 Oc27	20.9	-
2½pc '01 (78.3)	174⅞	-.2	1,500	Mr24 Se24	18.8	1316
2½pc '03 (78.8)	171½	-.2	1,050	My20 Nv20	14.10	1317
4⅛pc '04‡‡ (135.6)	116⅞	-.4	850	Ap21 Oc21	14.9	-
2pc '06 (69.5)	182xd	-.5	1,550	Ja19 Jy19	13.12	1314
2½pc '09 (78.8)	165⅛	-.8	1,550	My20 Nv20	14.10	1318
2½pc '11 (74.6)	172⅛	-.9	1,800	Fe23 Au23	19.7	1319
2½pc '13 (89.2)	142⅞xd	-1.1	2,300	Fe16 Au16	12.7	1320
2½pc '16 (81.6)	153⅞xd	-1.2	2,400	Ja26 Jy26	20.12	1321
2½pc '20 (83.0)	148⅞	-1.4	2,400	Ap16 Oc16	9.9	1322
2½pc '24‡‡ (97.7)	125⅞xd	-1.6	1,900	Ja17 Jy17	13.12	1323
4⅛pc '30‡‡ (135.1)	125xd	-1.6	1,300	Ja16 Jy22	16.12	-

(b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1993: 140.6 and for November 1993: 141.6.

Other Fixed Interest

Notes	Price £	W'k % +/-	Amnt £m	Interest due	Last xd	City line
African Dev 11⅛ 2010	139⅞	-.6	50	Ja4 Jy4	1.12	-
Asian Dev 10¼pc 2009	130¾	-1.0	100	Mr24 Se24	28.3	-
B'ham 11½pc 2012	139½	4.9	45	My15 Nv15	17.4	1837
Ireland Cap 8½pc '10	116½	1.7	303	Ap1 Oc1	-	1465
9pc Cap 1998	103½	0.5	725	Ja30 Jy30	-	-
13pc '97-2	115¼	-.2	315	Ap1 Oc1	28.8	1428
Hydro Quebec 15pc 2011	166⅞	-.7	40	My30 Nv30	27.10	-
Leeds 13½pc 2006	149	3.8	40	Ap1 Oc1	12.3	3146
Liverpool 3½pc Irred.	44½	5.3	5	1JaApJeOc	1.6	3169
LCC 3pc '20 Aft.	40	3.9	26	1MrJeSeDe	1.8	-
Manchester 11½pc 2007	138	4.4	6	Ap25 Oc25	30.3	3275
Met. Wtr. 3pc 'B'	77¼	4.0	25	Mr1 Se1	1.6	3361
N'wide Anglia 3⅞pc 2021	150	4.0	60	Ja30 Jy30	1'93	3465
4¼pc IL 2024	144¼	4.0	50	Fe23 Ap23	20.7	-
Utd Mex States 16½pc 2008	158¼	3.1	50	Mr1 Se1	27.8	-

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.

Blow to Turkey's borrowing plans

Turkey's plans to tap the international bond market were dealt a blow last week when Moody's and Standard & Poor's, the two leading credit rating agencies, downgraded the country's debt rating.

Moody's cut Turkey's foreign debt rating to Ba1 from Baa3, which reduces it from investment to sub-investment grade. Because of the borrowing rules affecting some US institutions, Turkey may find it more difficult to sell its paper in the Yankee bond market, the US market for foreign issuers. It could also impair Turkey's ability to raise debt finance in Europe and Japan.

Meanwhile, Standard & Poor's lowered Turkey's debt rating from BBB to BBB–, which keeps it just within the limit of investment grade ratings.

According to treasury figures, Turkey's external debt, both public and private, stood at $59bn at the end of September, against $51bn at the start of 1993. However, with a spate of new issues before the year end, bankers estimate the figure is closer to $62bn.

Over the past two years, Ankara has looked increasingly to foreign debt to finance the current account and budget, at a time of high domestic interest rates. Shifting its borrowing from syndicated loans to bonds, it has been able to diversify its investor base and improve the maturity profile of its debt. Like other low-rated borrowers, Turkey offers attractive high-yielding paper.

However, Moody's decision reflects continuing concern over Turkey's large current account deficit and deteriorating budget picture. Although Moody's notes improvements on tax reform, and state asset sales, the agency forecasts further spending pressures and expects political concerns to force the government to go slow on further reform. The S&P downgrade also reflected "a lack of progress in combatting the fiscal deficit in 1993 and the absence of a credible programme to reduce the deficit in the medium term".

For 1994, the Turkish treasury has announced a more conservative borrowing target, with plans to float around $1.3bn of bonds to cover its external financing needs.

In 1993, Turkey tapped Japanese, German and UK bond markets for close to $4bn. In addition, $3.8bn of project financing has been extended to Turkish public sector enterprises and local municipalities.

Turkey issued a sterling bond for the first time in 1993 and this year is looking at possible issues in both the French and Spanish bond markets.

The 1994 budget envisages $2bn in foreign debt interest repayments. The current account deficit is expected to come back slightly to $4.4bn, according to Treasury estimates, compared with a provisional estimate of $5bn in 1993.

John Murray Brown

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Siam Commercial Bank(a)§	150	Jan.2004	3.25	100.00	-	-	Merrill Lynch Intl.
Kyocera Corp.(b)φ	500	Feb.1998	1.625	100.00	-	-	Daiwa Europe
Hongkong Land Holdings(c)§	410	Feb.2001	4.00	100.00	-	-	Jardine Fleming
Morgan Stanley Group‡	250	Jan.1997	(d)	99.78R	-	-	Morgan Stanley Intl.
BT Securities Corp.‡	200	Feb.1997	(e)	99.8125R	-	-	Kidder Peabody Intl.
Somprasong Land(f)§	60	Jan.2004	3.875	100.00	-	-	Crosby Securities
American Express Bank(g)‡	50	Feb.2004	(g)	100.00	-	-	Lehman Brothers Intl.
Kingdom of Belgium(k)	500	Nov.2003	5.50	99.696R	5.538	+24 (5¾%-03)	Merrill Lynch Intl.
Kingdom of Sweden‡	200	Feb.1996	(l)	100.00R	-	-	Morgan Stanley Intl.
Credit Suisse, Gibraltar(n)	75	Feb.1996	5.25	100.00	-	-	CS First Boston
Nacional Financiera(Cay)‡	150	Feb.1996	(l)	99.825R	-	-	Kidder Peabody Intl.
Forenningsbanken(u)‡	100	Feb.2004	(u)	99.60R	-	-	Chemical Bank
Nomura International‡	100	Feb.2004	(v)	99.80R	-	-	Nomura International
Helaba‡	100	Feb.1997	(w)	100.00R	-	-	Merrill Lynch Intl.
Daiwa Overseas Finance HK‡	50	Jan.2004	(x)	100.20R	-	-	Daiwa Bank Cap.Mgmt.
Canada(E)‡	2bn	Feb.1999	(E)	99.77R	-	-	CSFB /G.Sachs /UBS
Investor	200	Jan.1999	6.125	99.46R	6.254	+113(5⅛%-98)	CS First Boston
Goldman Sachs Group(F)‡	200	Feb.1999	(F)	99.90R	-	-	Goldman Sachs Intl.
Industrias Unidas	50	Jan.1999	8.50#	99.93R	8.517	+350(5⅛%-98)	Prudential Bach Secs.
Gascar(G)	50	Jan.1999	9.00#	100.00R	9.000	-	Oppenheimer Intl.
Banco ABC-Roma	50	Jan.1997	9.125#	99.756R	9.220	+485(4⅜%-96)	Bear Stearns Intl.
Coldilon Capital(N)§	50	Feb.1999	(N)#	100.00	-	-	CS First Boston
D-MARKS							
Sudwestdeutsche LB Cap.Mkts.	250	Feb.1999	5.00	101.27	4.709	-	Goldman Sachs
Banco Bamerindus do Brasil	100	Jan.1999	9.25	101.30	8.917	-	BHF Bank
Republic of Finland	2bn	Feb.2001	5.50	99.00R	5.677	+22 (9%-01)	Dresdner Bank
WestLB Finance Curacao	1bn	Feb.2004	6.00	102.20	5.705	-	WestLB
Bayerische Landesbank	1bn	Feb.2004	6.00	100.00R	6.000	+42 (6%-03)	Bayerische Landesbank
Reemtsma Finance	250	Feb.2001	6.125	101.80	5.805	-	Deutsche Bank
Deutsche Ausgleichsbank‡	100	Feb.2004	(H)	101.75	-	-	Trinkaus & Burkhardt
Deutsche Bau- & Boden Bank‡	100	Feb.2004	(I)	100.05	-	-	Trinkaus & Burkhardt
YEN							
Republic of Italy(h)	300bn	Jun.2001	3.50#	99.96R	6.503	+41 (6.6%-01)	Daiwa Europe/JP Morgan
Nordic Investment Bank‡	30bn	Jan.1999	(n)	104.82	-	-	Nikko Europe
EBRD‡	20bn	Jan.1999	(n)	105.70	-	-	Nikko Europe
International Finance Corp.‡	10bn	Jan.1999	(o)	105.99	-	-	Nikko Europe
Queensland Treasury Corp.‡	20bn	Jan.1999	(t)	107.05	-	-	Nikko Europe
New Zealand‡	10bn	Jan.2001	(J)	108.70	-	-	Nikko Europe
STERLING							
Halifax Building Society	500	Feb.2004	6.50	99.185R	6.614	+32 (6¾%-04)	Deutsche Bank/ UBS
Bayerische Hypothekenb(h)	100	Oct.1999	6.00	99.675R	6.078	+24 (6%-99)	Hambros Bank
Barclays Bank	500	Feb.2004	6.50	99.092R	6.627	+30 (6¾%-04)	BZW/ Salomon Brothers
DNIB(h)	150	Dec.1999	6.125	99.86R	6.156	+30 (6%-99)	Samuel Montagu
Nationwide B/S(h)	150	Nov.1999	6.125	99.20R	6.303	+45 (6%-99)	Baring Brothers
Cheltenham & Gloucester(z)‡	150	Jan.1999	(z)	99.64R	-	-	Kleinwort Benson
Abbey Natl.Treas.Services(h)	500	Aug.1999	6.00	99.19R	6.188	+30 (6%-99)	S.Montagu/ JP Morgan
Barings(h,K)	100	undated	9.25	99.598R	9.294	+255(8¾%-17)	Baring/ Hoare Govett
FRENCH FRANCS							
Michelin(p)§	2.4bn	Jan.2001	2.50	100.00	-	-	Société Générale
SNCF(q)	1.5bn	Nov.2008	8.00	99.921R	6.005	+17 (l)	BNP
CNA	2.5bn	Feb.2002	5.50	99.06R	5.649	+19 (l)	Société Générale
SCCE(A)	300	Jan.2002	3.45	100.00	-	-	Banque Paribas
CAR(B)	550	Aug.1996	zero	100.00	-	-	Crédit Lyonnais
CANADIAN DOLLARS							
Hydro-Quebec(m)	1bn	Jun.2004	7.00#	98.338R	7.223	+71 (6½%-04)	M.Lynch/ ScotiaMcLeod
Export Development Corp.(l)	150	Dec.1997	5.00	98.80R	5.359	flat (l)	Hambros Bank
KfW International Finance	250	Feb.2004	6.50	99.625R	6.552	+12 (7¼%-03)	BZW/ Daiwa Europe
City of Montreal	125	Feb.2001	6.375	99.30R	6.503	+48 (l)	Wood Gundy
GUILDERS							
LKB Finance	300	Feb.2004	5.75	99.60R	5.803	+20 (5¾%-04)	ABN Amro Bank
DNIB(L)	175	Feb.1995	6.00	100.00R	-	-	DNIB/ Morgan Stanley
Kingdom of Sweden	500	Feb.2004	5.75	99.55R	5.811	+20 (5¾%-04)	Rabobank Nederland

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
ITALIAN LIRE							
Bayerische Vereinsbank	250bn	Feb.2004	7.90	101.70	7.651	-	Credito Italiano
European Investment Bank	1000bn	Feb.1999	7.45	100.00R	7.450	-	BCI/Roma/Crdito/S.Paolo
Bayerische Landesbank	300bn	Feb.1999	7.50	101.60	7.109	-	Deutsche Bank London
Export Development Corp.	200bn	Feb.2001	7.60	101.875	7.249	-	Paribas Capital Markets
International Finance Corp.‡	150bn	Feb.1999	(C)	100.45R	-	-	San Paolo, Turin
IMI Bank Intl. (Cayman)	300bn	Mar.1999	8.00	99.85R	8.038	-	IMI Luxembourg
Inter-American Dev. Bank	250bn	Feb.2004	7.70	101.85	7.431	-	JP Morgan Milan
ECUS							
Eurofima	225	Feb.2001	5.50	100.00R	5.500	-	Swiss Bank Corp.
Credit Foncier de France	300	Feb.2001	5.50	99.60R	5.571	-	Paribas Capital Markets
UK Pass-Through Securities	250	Feb.2001	5.50	99.60R	5.571	-	Morgan Stanley Intl.
CFD	200	Feb.2001	5.50	99.83R	5.530	-	BZW/ Goldman Sachs
KfW International Finance	300	Jan.2001	5.50	99.95R	5.509	-	Goldman Sachs Intl.
BellSouth Capl. Funding Corp.	125	Feb.1999	5.25	100.00R	5.250	-	Morgan Stanley Intl.
AUSTRALIAN DOLLARS							
Ford Credit Australia	75	Feb.1999	6.75	101.40	6.414	-	Hambros Bank
PESETAS							
European Investment Bank	20bn	Feb.2004	7.90	101.60	7.665	-	B.Santander Negocios
FINNISH MARKKAS							
Finnish Export Credit	2bn	Jan.1999	6.00	99.45R	6.131	+25 (11%-99)	Goldman Sachs Intl.
HONG KONG DOLLARS							
Nordic Investment Bank	500	Feb.2001	6.10	100.38R	6.032	-	Wardley
SWISS FRANCS							
Oesterreichische Kontrollbank	150	Feb.1999	3.75	102.00	3.309	-	Bank von Ernst & Cie.
Prudential Funding Corp.★	150	Jan.1998	3.875	102.00	3.333	-	UBS
City of Vienna	200	Feb.2001	4.00	102.50	3.590	-	UBS
Eurofima(r)φ	150	Feb.2001	2.00	100.00	-	-	UBS
Bank Austria(s)φ	125	Feb.2001	3.00	100.00	-	-	Banca del Gottardo
City of Vienna★	75	Feb.1998	3.75	101.75	3.276	-	UBS
LB Rheinland Pfalz(D)φ	120	Feb.2001	2.25	101.00	-	-	Swiss Bank Corp.
France Telecom(M)	200	Oct.1999	4.125	104.125	3.310	-	Credit Suisse

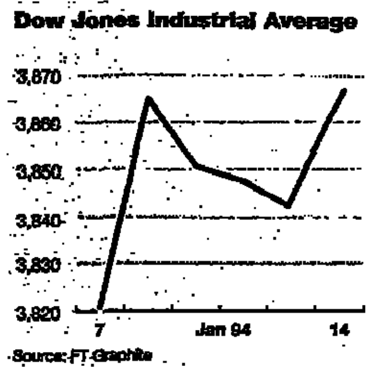
Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. #Floating rate note. ★Private Placement. φSemi-annual coupon and yield. R: fixed offer price. a) Conv price: baht254. FX: 25.55baht/$. Mandatorily convertible after 5 yrs subject to conditions including 140% rule. Redemption linked to baht. b) Denom.: $10,000 + 2 wrts. Exercise price: Y8458. FX: 113.45Y/$. c) Conv price: $31.05. FX: 7.724HK$/$. Callable from 22/4/94 subject to 140% rule. d) Coupon: 3-mth Libor +⅛%. e) Coupon: 3-mth Libor +⅛%. f) Conv price: baht310. FX: 25.521baht/$. Puttable on 21/1/99 at 115.44%. Callable, subject to 140% rule, from 21/1/99 at yld to put and from 21/1/01 at par. Redemption proceeds linked to baht. g) Issue launched 8/1/94 was increased to $250m. Coupon: 6-mth Libor +0.1%: min 5%. h) Short 1st coupon. i) Spread is over interpolated yld curve. j) Plus 8 days accrued. k) Fungible with outstanding $500m. Plus 86 days accrued. l) Coupon: 3-mth Libor +¼%. Interest only accrues on days 3-mth Libor falls within following ranges: 1st 6 mths 3-4%, 2nd 6 mths 3-4½%, 3rd 6 mths 3-5½%, 4th 6 mths 3-6%. m) Redemption formula: 100% + 15 x (7.22% - S3), where S3 is the average of 3yr offer swap rates for L, Pta, & SKr. n) Coupon: 6-mth Libor +½%. o) Coupon: 6-mth Libor +0.6%. p) Global tranche of FFr3.5bn deal. Conv ratio to shareholders: FFr700m. Denom.: FFr255. Redemption price: FFr307. Conv ratio: 1:1. Callable from 1/1/97, subject to 110% of accreted value rule, at accreted value. Long 1st coupon. q) International tranche of FFr3bn domestic issue. Fungible with outstanding FFr7bn. Plus 90 days accrued. r) Denom.: SFr5,000 + 75 2-yr wrts, 80 wrts entitle holder to 1 Sandoz registered share at SFr4,160. s) Denom.: SFr5,000 + 10 3-yr wrts. 1 wrt entitles holder to 6 participation certs at Sch400 per cert. t) Coupon: 6-mth Libor +⅞%. u) Coupon: 6-mth Libor +1.1% for 1st 5 yrs and +2½% thereafter. Callable on 16/2/99 at par. v) Coupon: 6-mth Libor +⅛%, min 5%. w) Coupon: 3-mth Libor +1%. Interest only accrues on days 3-mth Libor falls within following ranges: 3-6%, 3-6½%, 3-7% for each 6-mth period respectively. x) Coupon: 6-mth Libor +0.45% to 27/1/97 and 8% bid annual thereafter. y) Coupon: 3-mth Libor +1%. z) Coupon: 3-mth Libor +0.1%. Callable on any interest payment date from Jan.98 at par. A) Redemption linked to CAC-40. B) Redemption formula: 90% + 107 x (increase in SBF120 index). C) Coupon: 6-mth Libor -0.4%. D) Denom.: SFr10,000 + 45 wrts. 30 wrts entitle holder to basket (2 Deutsche, 3 Dresdner, 4 Commerzbank shares) at DM4,564.8. E) Coupon: 3-mth Libor -¼%. Callable on any int payment date from Feb.95 at par. F) Coupon: 3-mth Libor +⅛%. Callable on any int payment date from Feb.96 at par. G) Sinking fund: $10m on 20/1/96, 97 & 98 and $20m balance at maturity. Callable on 20/1/96 at 102%, 20/1/97 at 101¾% and 20/1/98 at 101½%. H) Coupon: 5⅛% bid annual for 1st 2 yrs, 6-mth Libor flat for next 4 yrs and 7% bid annual thereafter. I) Coupon: 6-mth Libor +⅛%. J) Coupon: 6-mth Libor +1%. K) Callable on 15/12/24 and every 15 yrs thereafter at par. L) Redemption formula: par + 20 x (5.14% - 5yr Fl swap offer rate). M) Fungible with outstanding SFr300m. Plus 124 days accrued. N) Fixing: 20/1/94. Coupon indicated at 4¼-5¼% and conv premium 15-18%. Callable, subject to 150% rule, from 1/2/97 at 103% declining 1% per annum. Note: Yields are calculated on ISMA basis.

EQUITY MARKETS: This Week

NEW YORK — Patrick Harverson

Investors set aside concerns

Dow Jones Industrial Average



Source: FT Graphite

After last week's record-breaking gains, US share prices are likely to rise further this week as stock market investors continue to set aside concerns about high equity valuations and rising interest rates and concentrate on the promising economic and earnings outlook.

The Dow Jones Industrial Average is now well past 3,800, in spite of warnings from some analysts that there would be a lot of profit-taking when the average hit that record mark. That there was not much profit-taking – just a 20-point sell-off mid-week, which was quickly offset by a strong Friday rally – was primarily due to the consistently positive economic news that has been released recently.

That data has included a big rise in industrial output, sharply higher retail sales, and low consumer and producer price inflation. Investors have responded to the figures by investing in a range of stocks, but most notably in companies whose earnings are closely tied to the economic cycle. This explains why the Dow has outperformed other indices lately.

Investors, however, have also been looking forward to some more solid improvements in corporate profitability. They should get what they want this week, when the fourth quarter reporting season begins in earnest.

Tomorrow will be the big day for the banking sector – a veritable "Super Tuesday" of quarterly reporting. Citicorp, which last week issued a preliminary forecast of its October-to-December earnings that delighted investors, Chase Manhattan, Chemical Banking, and NationsBank are among the big banks unveiling their figures.

In the wake of Citicorp's upbeat prediction, and the recent strong numbers from J. P. Morgan, analysts are expecting a healthy round of results. Given that the sector has already rallied in anticipation of this, however, banks' earnings announcements might not prompt that much movement in sector share prices.

Also reporting on Tuesday will be Chrysler, and here too analysts are looking forward to some positive data. Yet, as with the banks, investors have already discounted a good fourth quarter, so there may not be much of a reaction from Chrysler's stock. At times like these, companies can only disappoint the market, barring an extraordinary and unforeseen leap in profits.

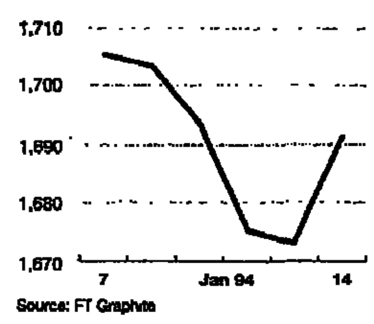
The big oil companies will also begin reporting earnings this week, starting with Mobil and Texaco. Although oil prices have been falling steadily for months, Wall Street is looking for some solid profits growth due in particular to buoyant earnings from companies' international "downstream", or refining and distribution, operations.

There is not much in the way of economic data due out this week, although Wednesday's trade figures should say something about how US exports have been affected by the recent appreciation in the dollar. The only other statistics of note will be December housing starts, which are due to be released on Thursday.

LONDON — Terry Byland

No change in fundamental sentiment

FT-SE-A All-Share Index



Source: FT Graphite

Few equity strategists at the leading UK securities firms appear to be seriously upset by the sudden panic over base rate prospects which has upset the stock market. And, since US influences also shared the blame for the sharp fall in the Footsie at the beginning of the week, it should be said that the US houses in London are still among the optimists when it comes to UK interest rates and inflation.

Lehman Brothers sees not one but two further cuts in base rates before the end of June, while Goldman Sachs predicts base rates at 4½ per cent in mid-year.

It would not be difficult to round up similar forecasts from strategists at UK broking and investment houses; BZW, raising its year-end Footsie forecast to 3,900, says "the interest rate environment is better than expected". So perhaps some investors have been mistaking a bout of profit-taking for a fundamental change of sentiment.

Most European stock markets, and certainly London, became overheated before Christmas, and some form of correction was seen as inevitable. But chartists of UK equities applauded when the FT-SE Index bounced from the 3,350 support area on Thursday and by the end of the week it seemed clear that the rest of the market agreed with them.

There are other reasons for believing that the stock market may yet show the 6 per cent gain traditionally recorded in January – this is around four times the average monthly gain for the rest of the year. Company results may at long last be showing the signs of benefit from economic recovery for which the market has been searching.

The banking sector was impressed by results from TSB, which provided a sound platform for the trading figures due later this month from the rest of the sector.

The leisure sector, which is central to hopes for a strengthening in UK consumer spending, is looking ahead more positively after Rank Organisation drew attention to the implications of the rise in holiday bookings.

While analysts have tended to keep ratings on Rank itself fairly restrained, in view of the range of its activities, the holiday bookings lesson has not been lost elsewhere. British Airways is favoured as an obvious beneficiary from the expected jump in holiday traffic which began to show itself at Christmas time.

Cyclical stocks, including leisures and hotels, have significantly outperformed over the past year but Goldman Sachs is among those to believe that leisures are still sufficiently undervalued to warrant further investment.

Perceptions that current valuations on UK equities are generous has brought some repositioning by the institutions but their actions appear positive rather than negative.

The more optimistic analysts argue that, while equities may appear overvalued in terms of prospective price/earnings ratios of more than 15 for this year, they should be seen as undervalued in terms of gilt yields or short-term interest rates.

INDICES AT A GLANCE

	Closing price	Percentage Change: Over week	On 12 months	Since Jan 1	12 month High		12 month Low		1994 High		1994 Low	
FT-SE 100	3,400.8	0.0	+23.2	-0.5	3,462.0	29/12/93	2,737.6	19/1/93	3,446.0	7/1/94	3,360.0	13/1/94
Dow Jones Ind.	3,867.20	+1.7	+18.3	+3.0	3,867.20	14/1/94	3,241.95	20/1/93	3,867.20	14/1/94	3,754.09	1/1/94
Nikkei	18,973.70	+6.1	+14.9	+8.9	21,148.11	13/9/93	16,078.71	29/11/93	18,973.70	14/1/94	17,369.74	4/1/94*
Dax	2,141.82	-3.5	+40.6	-5.5	2,267.98	3/1/94	1,516.50	13/1/93	2,267.98	3/1/94	2,141.82	14/1/94
CAC 40	2,262.25	-0.6	+25.4	-0.5	2,331.33	11/1/94	1,772.21	29/1/93	2,331.33	11/1/94	2,249.55	5/1/94
Banca Com. Ital.	602.86	-1.4	+28.8	-2.7	632.86	30/8/93	468.18	14/1/93	624.51	3/1/94	602.86	14/1/94

FT Graphite

OTHER MARKETS

FRANKFURT

Speculation on the outlook for interest rates is on the agenda this week ahead of Thursday's Bundesbank Council meeting. NatWest Securities says recent data on orders and industrial output point to further economic weakness, providing some justification for monetary easing. But the weakening D-Mark, down 4.2 per cent on a trade weighted basis since mid-October, mitigates against swift cuts.

ZURICH

Winterthur, Switzerland's third largest insurer, has called a news conference this morning at which it is expected to announce that it is taking a substantial minority stake in DBV Holding, Commerzbank's insurance subsidiary. Commerzbank, also holding a press conference today, has been looking for a partner for DBV after talks with Zurich Insurance broke down last year.

STOCKHOLM

Volvo holds its EGM on Wednesday to ratify the appointment of a new board of directors, which will open the way for asset disposals. These are rumoured to include the sale of its 46.9 per cent stake in Cardo. Volvo shares hit all-time highs on Friday, following positive reports from analysts and recent press comment. The market has also become enthusiastic following suggestions that France may soon end the relationship between the Swedish group and Renault.

MADRID

Banco Santander is due to continue Spain's bank reporting season this week and analysts are looking for a 6 per cent rise in 1993 net profit, after Popular's 7 per cent rise, announced last week. UBS says the possibility of a general banking crisis in Spain has diminished after last week's comments from Banesto's former chairman, Mr Mario Conde, when he maintained Banesto's financial troubles were overstated.

TOKYO

Further buying from overseas investors may emerge, especially if other Asian markets resume their decline. Although uncertainty over the political reform bill, which the government hopes to pass through parliament on Thursday, may cause some volatility, the market could receive a boost once the bill is approved. However, share prices could see heavy selling pressure if Prime Minister Morihiro Hosokawa fails to push the bill through.

RISK AND REWARD

Metallgesellschaft deepens suspicions over derivatives

That German industrial giant Metallgesellschaft has been brought to its knees by a one-off derivatives hedging strategy gone awry has deepened the suspicions of financial regulators and other sceptics that these relatively new and complex instruments are systemically dangerous.

The company says derivatives losses from its US oil and gas subsidiary, MG Corp, could mount to DM2.3bn. While its creditors arrange how best to mop up the mess, the derivatives industry is trying to put the best face on the situation, saying the MG example is not the norm.

First off, they say, MG's hedging strategy was not a complicated structured instrument that ran wild because it failed to be understood by top-level managers. Instead it appears the company ignored its risk models and carried such huge positions that they became unmanageable. It also, and more understandably, seems to have mismatched the terms of its hedges with its contractual obligations.

MG Corp sold oil and petrol under long-term contracts (known as "forwards") to end-users and third-party traders. Then, in the simplest of hedges, they offset the forward contracts with corresponding purchases in both the Nymex oil futures markets and in over-the-counter oil swaps.

Though MG's forward obligations were five to 10 years out, it offset them with short-term (three-month) derivatives. There was a good reason for this. Liquidity, or the ability to enter and exit trades at a reasonable price, exists only in the shortest-term deliveries in Nymex futures contracts. OTC oil swaps are less liquid than the futures markets and become thinner at longer maturities. Thus, it made business sense for MG to keep the hedge positions liquid, or short.

The other attraction of short-term hedges was that, at least initially, they generated profit: so long as short-term oil futures prices were above those for longer-term delivery (backwardation), MG's practice of buying contracts for three-month delivery and "rolling" them into the next three-month maturity yielded streams of cash.

Seasoned energy traders say MG's risk model should have warned that if the oil market inverted, and short-term prices fell below those for distant deliveries (a contango market), the results would be disastrous, and management should have made contingency plans to restructure the hedges. Instead, MG's massive short hedge rolling programme remained in place as the oil markets went contango last autumn, generating rollover losses estimated at $30m a month.

Energy traders believe the sheer size of MG's positions prevented it from restructuring its hedges. "The biggest problem of all here is the size," one trader said. Some estimates put MG's oil near 200m barrels, with exchange trades close to 10 per cent of Nymex open positions.

Typically, hedgers who are in loss-making positions in the futures markets switch to less painful positions in the OTC markets, moving discreetly to shake off traders waiting to capitalise on their dilemma. MG's huge positions made this impossible. Despite widespread publicity, MG is still expected to perform another unprofitable "roll" at the Nymex this month.

Mr Gary Gastineau, director of customer risk management at Swiss Bank, says MG would have done better with a single large long-term hedge in the oil swaps market.

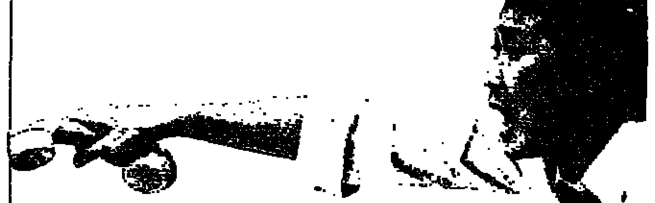
However, that structured transaction would have been expensive, illiquid, and would not have had the profitable lure of the short-term futures roll.

Laurie Morse

EMERGING MARKETS: This Week

The Emerging Investor / **Philip Gawith**

A growing trend towards Africa



Will 1994 be Africa's year, the year in which international investors finally get the "virgin" continent into their sights? Certainly there is a growing body of opinion, both in Africa and beyond, that believes this will be the case.

Indeed, it can be argued that this trend is already under way. On the Johannesburg Stock Exchange foreigners were prominent throughout 1993, initially in the gold and bond markets and later as buyers of industrial stocks too.

Figures supplied by Barings Securities show that for the foreign investor, who benefited from a 13.3 per cent strengthening in the financial rand, the investment currency for overseas investors, the overall index rose by 63.4 per cent, the gold index by 184.1 per cent and the industrial index by 41 per cent.

They have also been evident in Botswana, while foreign buying on the Zimbabwe Stock Exchange between late June and December was enough to cause the Industrial index to more than double.

Mr Miles Morland of Blakeney Management, the London-based adviser to many of the world's largest emerging market funds, is one who believes that the continent's time has come. "Looking at Africa is very much at the top of their [emerging market funds] agenda. There is a terrific willingness to believe in the African story."

This can be traced to three important structural changes. Clearly the catalytic event has been South Africa's rehabilitation as a respectable investment destination. This has caused great excitement in the US and the re-examination of the JSE has inevitably rebounded to the benefit of other regional markets. Without the JSE, it would be doubtful how much attention emerging market investors would devote to the other markets.

Since Mr Nelson Mandela, the ANC leader, called for an end to financial sanctions against South Africa in September, there has been a veritable stampede of US visitors to Johannesburg. Significant investment flows have followed and the outlook for 1994 appears even more cheery.

Mr Morland reckons that the first half of 1994 will see at least five South Africa or Southern Africa funds launched. Taken together with other African funds and country funds, he believes there will be at least 10 funds channelling money into South Africa next year.

The second important change concerns Africa itself. If the 1960s saw the political winds of change blow through the continent, then the 1990s are witnessing some equivalent economic changes as governments increasingly embrace market economics after costly socialist experiments. The catalyst for these changes has been the end of the cold war, meaning no more eastern European bloc hand-outs, and the inexorable impoverishment of African economies through deteriorating terms of trade and poor economic management.

Now, as Mr Morland comments, "You either eat at the IMF's table, or you don't eat at all." This has led to a huge shift in economic orientation, including a more favourable outlook towards equity markets. In 1983, for example, Mr Bernard Chidzero, the Zimbabwe finance minister, was able to extravagantly denounce the ZSE as "the prostitute of the economy".

Ten years later the same Mr Chidzero used his budget to introduce reforms aimed at encouraging the development of the ZSE: foreign investors being allowed to buy up to 25 per cent of companies listed on the ZSE; reductions in capital gains tax on share market investment to 10 per cent from 30 per cent and the withholding tax on dividends declared by quoted companies to 15 per cent from 20 per cent.

The final change concerns the burgeoning emerging market movement, particularly in the US, with an increasing portion of assets earmarked for emerging markets and offshore investment.

A November survey by the US firm Kleiman International Consultants found that international institutional investment in emerging markets had risen by 3 per cent to 13 per cent of international funds in 1993, with allocation over the past five years rising more than five-fold.

Even within this trend, Africa has a lot of catching up to do. A recent survey by Micropal of global emerging market funds found that the 54 largest of these funds had invested only about $40m out of $11.5bn (0.35 per cent).

Clearly, if Africa in general and South Africa in particular becomes a focus for emerging market funds, then this in itself will be good reason to be invested there.

To this rosy scenario, however, some cautionary caveats about Africa must be entered. Firstly, even by emerging market standards, Africa is an unusual beast. On the one hand, the JSE with a market capitalisation of about $105bn is much larger than the $20-$60bn average for emerging markets. On the other hand, most of the other African markets – Botswana, Ghana, Kenya, Namibia, Nigeria and Zimbabwe (with Zambia, Malawi, Uganda and Tanzania all on the point of opening) – are minuscule.

A recent survey by Mr Michel ZhuParris of Morgan Stanley Asset Management found that between them Africa's newly emerging markets had only 12 liquid stocks with market capitalisations greater than $100m (with seven of these trading in Morocco).

Second, although Africa is fairly cheap compared with many world markets, it has been cheap for a long time and for good reason. A major factor here is that investors are, with the exception of the Botswana pula, investing in very weak, devaluing currencies.

Another problem is that the markets are shallow, illiquid and small. Also, in some cases, not the JSE, there is a dearth of domestic investors to piggy-back on which can cause liquidity problems.

Mr Mark Tunmer, chairman of the ZSE, comments: "Our big problem is that we've got all the demand but nothing to sell." He reckons that if the ZSE had been able to satisfy demand, foreign flows would have been four to five times larger. This problem has also affected the JSE, where buyers have had to get used to the idea that fulfilling a big order can take more than a week.

These liquidity problems should, however, ease over time. If markets do enjoy a bull run this will stimulate new issues and rights issues, thereby increasing the amount of stock in circulation.

A further factor to consider is that African markets are much more dependent on commodity prices and politicians than many other emerging markets. Investors not fully apprised of developments in these two areas could well burn their fingers.

On the commodity front, developments are good. Important commodities like gold, cocoa and coffee have broken out of long bear cycles. The politicians may be behaving better, but in some cases the depth of commitment to financial discipline and good government remains to be tested.

In the final analysis, what happens in South Africa will probably determine the extent to which other regional markets flourish. In themselves they are probably too small to warrant attention. If South Africa works, though, they are likely to cling grimly to its coat-tails.

Ten best performing stocks

Stock	Country	Friday close	Week on week change $	%
Banco Do Brasil (Pfd)	Brazil	0.02	0.01	67.6
Eczacibasi Ilac	Turkey	1.11	0.38	53.2
Kordosa	Turkey	0.98	0.32	49.3
Banco Itau (Pfd)	Brazil	0.30	0.09	47.4
Alarko Holding	Turkey	2.44	0.76	45.4
Eczacibasi Yatirim	Turkey	0.95	0.26	38.9
Banco Bradesco (Pfd)	Brazil	0.02	0.01	36.9
Arcelik	Turkey	1.90	0.42	28.4
Turk Demir Dokum	Turkey	1.52	0.29	23.3
Brisa	Turkey	2.22	0.41	22.6

Source: Baring Securities

News round-up

■ Latin America

Latin American borrowers issued a record $25bn (£16.8bn) in new debt last year in international markets, as new issue volume in the fourth quarter reached $10.4bn, Salomon Brothers has said. This compared with $11.5bn in 1992.

Average maturity lengthened to 4.8 years from 3.7 years in 1992, with Mexican issues carrying an average 5.91 years. The private sector accounted for 64 per cent of new issues. Mexico accounted for 36 per cent, and Brazil and Argentina for 25 per cent each.

■ Israel

The country has agreed in principle to a second stock market, according to reports last week. The finance ministry is to prepare a list of regulations to govern an additional exchange by mid-April.

■ Nepal

The country's first stock exchange swung into action last Thursday with transactions totalling some $1,550.

The bourse operates on the outcry system and currently trades for three hours from Sunday to Thursday and one hour on Friday.

There are 62 companies listed on the stock exchange and the authorities aim to establish two indices in the near future.

■ Warsaw

The equity market was very active last week and the trend is likely to continue, traders say.

The WIG index gained some 7 per cent during the week, as turnover reached a record $125m.

■ Mexico

Foreign investment in government instruments totalled 67.95bn new pesos in 1993, an increase of 53.1 per cent from a year-earlier, according to central bank data.

The majority of the holdings were concentrated in Treasury bills, accounting for some 47.7bn new pesos.

● Further coverage of emerging markets appears daily on the World Stock Markets page.

CURRENCY MARKETS — Gillian Tett

Sterling and dollar to defend gains

The key question facing currency markets this week is whether the dollar and sterling will be able to maintain the dramatic gains of recent days against the D-Mark.

Rising optimism about the US and UK economies and mounting gloom about Germany's recession pushed sterling three pfennigs, and the dollar two pfennigs, higher.

The Anglo-Saxon economies seem set to remain the darlings of the markets but some dealers fear this optimism might have been exaggerated, particularly if this week's US and UK economic news is not as good as last week's.

On the D-Mark side, the main focus of attention is the meeting of the Bundesbank council on Thursday. The Bundesbank's refusal to cut rates at its last council meeting initially led the markets to assume rate cuts would occur this time, but opinion has since become more mixed.

Germany's recession and improving inflation outlook have left some convinced that there will be a cut. But, the dramatic weakening of the German currency last week, and likely volatility in the German money markets as a result of recent banking reforms left others believing cuts would be delayed.

The markets will be watching closely to see how far the Bundesbank is willing to support the D-Mark. Although the Bundesbank's intervention to support the D-Mark last week was only conducted through reserve management, the bank is expected to oppose another dramatic D-Mark slide.

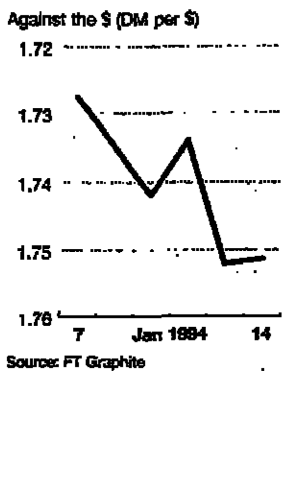
● The apparent deadlock in the US-Japanese trade talks will leave the yen-dollar rate particularly sensitive to political swings. Some dealers hope Japan's government is moving closer towards introducing the fiscal measures needed to boost the Japanese economy, however the underlying fundamentals remain poor for the yen, and few expect it to stage any significant rally.

● Meanwhile, the Irish punt has benefited from sterling's recent bull run and is at the top of the ERM grid. As Mr Chris Turner, of BZW points out, this means the gap between the punt and peseta, currently the weakest ERM currency, neared 10 per cent on several occasions last week.

With the punt likely to strengthen further, the trend underscores the growing polarisation between the peripheral ERM currencies, in spite of convergence in the centre.

D-Mark

Against the $ (DM per $)



Source: FT Graphite

Baring securities emerging markets indices

Index	14/1/94	Week on week movement Actual	Percent	Month on month movement Actual	Percent	Year to date movement Actual	Percent
World (239)	169.62	-1.35	-0.79	15.42	10.00	1.21	0.72
Latin America							
Argentina (19)	115.91	0.49	0.42	11.90	11.44	0.53	0.46
Brazil (18)	178.03	25.52	16.73	46.30	35.15	38.38	27.49
Chile (12)	161.38	1.52	0.95	27.54	20.58	13.84	9.38
Mexico (22)	158.34	-8.04	-4.83	7.80	5.18	-2.92	-1.81
Latin America (71)	158.65	2.59	1.66	20.39	14.75	9.40	6.30
Europe							
Greece (14)	96.50	0.79	0.82	11.01	12.88	13.40	16.13
Portugal (13)	118.50	4.32	3.78	6.45	5.75	6.37	5.68
Turkey (22)	208.80	29.59	16.51	63.80	44.00	47.09	29.12
Europe (49)	130.12	8.45	6.94	20.61	18.82	17.88	15.93
Asia							
Indonesia (17)	170.36	-8.11	-4.55	12.73	8.07	-0.68	-0.40
Korea (23)	109.58	-1.58	-1.43	2.53	2.37	-0.12	-0.11
Malaysia (21)	221.02	-15.43	-6.53	-12.20	-5.23	-32.03	-12.66
Phillippines (9)	288.88	-23.11	-7.41	36.57	14.50	-33.59	-10.42
Thailand (20)	241.99	-6.59	-2.65	0.70	0.29	-21.56	-8.18
Taiwan (29)	144.32	-13.58	-8.60	24.28	20.23	-9.39	-6.11
Asia (119)	201.76	-11.87	-5.56	3.83	1.94	-19.66	-8.88

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

WORLD STOCK MARKETS

EUROPE

[illegible]

PACIFIC

[illegible]

AFRICA

[illegible]

NORTH AMERICA

[illegible]

Prices supplied by Telekurs

NOTES - OWING TO TECHNICAL PROBLEMS, MOST HIGH/LOW FIGS CURRENTLY RELATE TO 1993 ONLY. Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. # Dealings suspended. xd Ex dividend. (A) Some S Africa prices in Friday's FT were pre-close.

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■ TOKYO - MOST ACTIVE STOCKS: Friday, January 14, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Tokyo Gas	11.6m	550	+30	Sumitomo Mtl	6.0m	928	+10
Hanwa	10.5m	735	+5	Mitsubishi Hvy	5.0m	672	+2
Kawasaki Steel	8.1m	323	+9	Itochu	4.9m	605	+13
Mazda Motor	7.0m	511	+26	Osaka Gas	4.9m	520	+28
Nippon Steel	6.6m	323	+5	Anritsu Elec	4.8m	989	-121

INDICES

[illegible]

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2275.0	2275.0	+0.16	2292.0	2254.5	18,795	38,148
Feb	2287.5	2287.5	+0.16	2302.0	2272.0	17796	2,769
Mar	2299.5	2299.5	+0.16	2313.0	2279.0	98523	33,427
Jun	2291.5	2235.0	+0.16	2291.5	2291.5	100	2,186

Open interest figures for previous day.

US INDICES

[illegible]

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

[illegible]

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Citicorp	5,181,300	42	+1½
Centerior	4,087,100	12⅞	---
Telefonos	3,495,500	65⅛	-1⅜
Merry Go Rd	2,862,900	2⅞	+⅛
RJR Nabisco	2,868,600	7	+⅛
JP Realty	2,844,100	17¾	---
Motorola	2,727,200	98⅝	+⅝
Gen Motors	2,623,800	61⅞	+⅛
West Dig	2,485,800	12½	-¼
Wal-Mart	2,435,100	25½	---

■ TRADING ACTIVITY

● Volume (million)

	Jan 14	Jan 13	Jan 12
New York SE	304.956	227.888	309.893
Amex	18.884	16.407	16.142
NASDAQ	(u)	290.109	322.536
NYSE			
Issues Traded	2,740	2,727	2,734
Rises	1,252	937	1,130
Falls	861	1,133	941
Unchanged	627	657	663
New Highs	128	80	103
New Lows	17	17	15

... 6375.15; Korea Comp Ex 810.01 Base values of all indices are 100 except Australia All Ordinary and ...20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & ... Gold - 255.7; JSE 20 Industrials - 264.3, NYSE All Common - 50 and Standard and Poor's - 10. §§ ... Unavailable. † IBIS/DAX after-hours index: Jan 14 - 2151.05 +8.68.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City Line
UK Smaller Cos	5¼	168.7	169.0	180.8	1.53	4069
European	5¼	77.88	77.88	83.23	0.25	4812
Japanese Gwth	5¼	44.80	44.80	47.52	0.00	4788
Managed P'folio	5¼	70.43	70.43	76.27	1.38	4787
High Income	5¼	201.1	201.5	215.5	3.78	4806
Marks & Spencer Unit Trust Ltd (1200)F						
PO Box 410, Chester X, CH99 9DD 0244 680066						
M & S Inv P'folio	5	157.4	157.5xd	167.5	1.88	4595
Do Accum	5	177.6	177.8xd	189.1	1.68	4596
UK Sel P'folio	5	134.8	135.2xd	143.8	1.83	4784
Do Accum	5	153.4	154.7xd	163.9	1.83	4785
Marlborough Fund Managers Ltd (1630)F						
67 Victoria Square, Bolton, BL1 1LA 0204 364842						
Managed Tst	5	66.93	70.59	75.10	3.10	4689
Martin Currie Unit Trusts Ltd (0905)H						
Saltire Crt, 20 Castle Terrace, Edinburgh 031-479 4848						
Intl Income	5¼	78.62	78.65xd	84.55	3.52	4898
European (z)	5¼	82.44	82.63	87.72	0.43	4139
Income & Growth	5¼	82.70	82.70	87.78	2.40	4132
Nth American (z)	5¼	61.70	61.70	65.60	0.07	4130
Far East (z)	5¼	181.4	181.4	192.8	–	4152
Charities	5¼	125.8	126.9	134.7	3.50	4863
Japan	5¼	53.83	53.83	57.14	–	4788
Emerging Markets	6	128.3	129.0	138.0	0.12	4589
Intl Growth(9-1)	5¼	111.8	112.8	119.7	0.18	4136
UK Growth	5¼	87.42	89.01	94.49	1.88	4182
Mercury Fund Managers Ltd (1000)H						
33 King William St, EC4R 9AS Dealing 071-280 2860						
American	5	209.4	209.4xd	222.7	0.00	4818
(Accum Units)	5	223.8	223.8xd	238.0	0.00	4820
American Opps	5	91.41	91.86	97.97	0.00	4822
(Accum Units)	5	92.55	93.00	99.20	0.00	4823
British Blue Chip	5	83.32	83.32	88.78	2.84	4824
(Accum Units)	5	100.2	100.2	106.7	2.84	4825
Cash *	0	101.0	101.0	101.0	5.05	4800
(Accum Units) *	0	132.6	132.6	132.6	5.05	4800
Emerging Markets	5¼	133.5	134.6	144.7	0.00	4808
(Accum Units)	5¼	133.5	134.6	144.7	0.00	4804
European Growth	5	241.9	241.9	254.7	0.82	4826
(Accum Units)	5	260.5	260.5	278.3	0.82	4827
European Income	5	83.82	83.82xd	88.64	2.74	4828
(Accum Units)	5	109.8	109.8xd	116.3	2.74	4829
General	5	543.1	543.7	578.8	2.09	4830
(Accum Units)	5	1040	1040	1109	2.09	4831
Global Bond	5	135.1	135.1	142.1	5.60	4118
(Accum Units)	5	155.7	155.7	163.6	5.60	4119
Govt Securities	3	102.4	102.4xd	105.5	6.74	4834
(Accum Units)	3	189.7	189.7xd	195.7	6.74	4835
Gold & General	5¼	199.2	199.2	214.2	0.44	4836
(Accum Units)	5¼	203.7	203.7	219.0	0.44	4837
Income	5	164.3	164.3xd	174.9	3.90	4840
(Accum Units)	5	245.7	245.7xd	261.8	3.90	4842
International	5	455.8	455.8xd	485.8	0.58	4844

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City Line
South East Asian	6	273.71	280.45	298.35	0.78	4532
International Bond	0	140.80	140.97	149.97	4.11	4531
Gilt & Convertible	6	118.33	118.48xd	123.92	7.75	4530
Property F	6	78.24	80.83xd	85.78	5.90	4470
Cash Deposit Accum F	0	109.83	109.83	109.83	5.31	4556
PDFM Unit Managers Ltd (1400)F						
14 Finsbury Square, London EC2A 1PD 071-628 6070						
UK Exempt Jan 14	¼	148.27	148.27	150.38	3.50	4944
Charities Intl Jan 14	¼	185.19	185.19	188.08	2.29	4947
Pearl Unit Trusts Ltd (1000)F						
Pearl Centre, Lynch Wd, Peterborough PE2 6FY						
Dealing: 0800 026577 Enquiries: 0733 470470						
Equity	6	248.2	251.7xd	267.7	1.90	4124
(Accum Units)	6	512.4	519.6	552.7	1.90	4125
Growth	5	158.1	160.8	164.3	2.17	4121
(Accum Units)	5	280.1	285.0	299.9	2.17	4122
Income	6	253.2	255.7	271.9	2.99	4123
Intl Equity	6	247.1	248.9	264.7	0.87	4126
(Accum Units)	6	272.3	274.2	291.8	0.61	4127
UK Income	6	69.26	70.22	74.69	2.58	4220
UK Intl 25	6	79.90	80.86	86.02	1.55	4784
UK Smaller Co's Acc	6	87.18	89.59	95.30	1.28	4365
New Europe	6	71.07	71.89	78.47	0.37	4434
Pembroke Administration Ltd (0800)F						
18-19 Sandland St, London WC1R 4PZ 071-430 0556						
Pembroke Growth	5	175.06	177.77	189.11	1.58	4128
Pembroke World Acc	6	74.85	78.90	81.81	0.34	4457
Pembroke Balanced	6	179.95	180.07	192.87	2.72	4195
Pembroke Income	6	107.77	107.88	114.89	4.20	4319
Perpetual Unit Tst Mngmt (1600)F						
48 Hart Street, Henley on Thames 0491 417000						
International Gwth	5¼	607.83	609.38	651.29	0.04	4129
Income	5¼	384.83	385.97	391.42	2.63	4130
W'wide Recovery	5¼	378.15	378.15	404.44	0.25	4131
American Growth Inc	5¼	234.26	234.93	251.27	0.01	4367
American Growth Acc	5¼	234.25	234.93	251.27	0.01	4137
Intl Emerging Cos	6¼	254.68	257.77	275.16	0.01	4133
Far Eastern Gwth Inc	5¼	297.22	302.12xd	323.13	0.01	4363
Far Eastern Gwth Acc	5¼	297.22	302.12	323.13	0.01	4134
European Gwth Inc	5¼	138.68	139.77xd	149.49	0.59	4464
European Gwth Acc	5¼	138.68	139.77	149.49	0.59	4136
UK Growth Inc	5¼	92.47	92.78	99.24	2.32	4425
UK Growth Acc	5¼	92.47	92.78	99.24	2.32	4138
High Income	5¼	99.72	100.07xd	107.03	3.89	4137
Japanese Gwth Inc	5¼	212.81	212.81	228.31	0.01	4441
Japanese Gwth Acc	5¼	212.81	212.81	226.31	0.01	4229
PEP Growth	5¼	121.39	121.71	130.18	0.88	4790
Asian Smlr Mkts Inc	5¼	148.28	147.80xd	158.14	0.01	4580
Asian Smlr Mkts Acc	5¼	148.26	147.80	158.14	0.01	4318
American Smaller Cos Inc	5¼	[illegible]	141.44	151.28	0.01	4547
American Smaller Cos Acc	5¼	139.81	141.44	151.28	0.01	4374
Global Bond	5¼	84.88	84.86	88.43	5.11	4778
UK Smaller Cos Inc	5¼	79.64	80.86	86.27	1.10	4542
UK Smaller Cos Acc	6¼	80.72	82.79	88.55	1.10	4093

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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TSB Unit Trusts (1200)F
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
TSB American	6	229.42	229.43	244.08	-	4157
Do Accum	6	252.71	252.71	268.84	-	4158
TSB Gilt Growth	6	100.22	101.40	107.87	1.57	4159
Do Accum	6	118.68	120.08	127.74	1.57	4160
TSB European	6	108.49	108.49	115.29	0.23	4161
Do Accum	6	113.17	113.17	120.40	0.23	4162
TSB Extra Income	6	216.64	219.84	233.88	3.46	4163
Do Accum	6	354.21	359.44	382.38	3.46	4164
TSB Smaller Cos	6	74.62	76.51	81.39	0.93	4165
Do Accum	6	82.84	85.08	90.48	0.93	4166
TSB General	6	305.41	309.50xd	329.29	2.02	4167
Do Accum	6	615.78	623.50xd	663.30	2.02	4168
TSB Premier Income	5	56.61	57.88	60.06	5.58	4169
Do Accum	5	121.34	123.98	128.74	5.58	4170
TSB Income	6	373.47	378.23	402.38	3.10	4171
Do Accum	6	790.09	801.03	852.18	3.10	4472
TSB Pacific	6	434.58	434.58	462.32	-	4173
Do Accum	6	458.63	458.63	488.76	-	4174
TSB International	6	565.91	565.91	602.04	0.07	4175
Do Accum	6	742.72	742.72	790.13	0.07	4176
TSB Nat Resources	6	179.91	184.69	196.37	-	4177
Do Accum	6	197.44	202.58	215.51	-	4178
TSB Stckd Opps	6	114.62	116.42	123.85	0.98	4179
Do Accum	6	144.84	148.91	158.29	0.98	4180
Environmental Inv	6	65.03	66.03	70.25	1.39	4899
Do Accum	6	71.32	71.32	75.87	1.39	4900
TSB Selector	6	67.10	68.14	72.49	1.95	4790
Do Accum	6	74.57	75.73	80.56	1.95	4791
TSB High Income	6	71.49	72.29	76.91	3.94	4893

INSURANCES

AXA Equity & Law Life Assce
Amersham Road, High Wycombe 0494 463463

	Bid Price	Offer Price	Yield Gross	City-Line
UK Equities Ser 5	991.7	1043.9	-	42223
Higher Income Ser 5	1070.4	1126.7	-	42224
Property Ser 5	523.9	551.4	-	42225
Fixed Interest Ser 5	423.9	446.2	-	42226
Index Lnkd Secs Ser 5	187.1	196.9	-	42227
Gtd Deposit Ser 5	288.6	303.7	-	42228
Nth America Ser 5	437.7	460.7	-	42229
Far East Ser 5	557.7	587.0	-	42230
Europe Ser 5	356.8	375.5	-	42231
International Ser 5	535.3	564.5	-	42232
Balanced Ser 5	709.2	746.5	-	42233
Reserve Ser 5	149.3	157.1	-	47039
Opportunity Ser 5	162.7	171.2	-	47040
Distribution Ser 5	109.5	115.2	-	47160
Pens Equity Ser 3 (z)	1390.6	1463.9	-	42234
Pens Higher Inc S 3 (z)	336.3	353.9	-	42235
Pens Fixed Int S 3 (z)	573.8	604.0	-	42236
Pens Index-Linked Ser 3 (z)	243.7	256.5	-	42237
Pens Property S 3 (z)	486.7	512.3	-	42238
Pens N America S 3 (z)	192.3	202.4	-	42239
Pens Far East S 3 (z)	311.6	327.9	-	42240

Britannia Life Assurance
50 Bothwell Street, Glasgow G2 6HR 041-248 2000

Crown Financial Management Ltd - Contd.

Hearts of Oak Insurance Group
Hearts of Oak House, 9 Princess Rd West, Leicester LE1 6TH 0533 548010

Life Association of Scotland - Contd.

Mercury Life Assurance Co Ltd - Contd.

Prosperity Life Assurance Ltd

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	Yield Gross	City-Line
Royal Heritage Life Assurance Ltd - Contd.				
AMESCO MIM				
European Smaller	189.4	199.3	-	43647
Sth & East Asia Gwth	384.3	383.5	-	43653
Inc Growth	230.6	243.0	-	43654
Japan Smlr Cos	246.2	258.2	-	43660
Max Growth	262.5	275.4	-	43666
Gilt	89.1	93.8	-	43667
Perpetual Funds				
International Growth	175.2	184.5	-	43700
American Growth	229.0	238.9	-	43703
Intl Emerging Cos	264.1	278.0	-	43704
European	201.9	212.6	-	43706
Managed	203.1	213.8	-	43707
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS				051-239 3000
Royal Shield Fd	973.7	1030.3	-	43812
Royal Life (Unit Linked Assurance) Ltd				
Managed Fund	388.6	408.0	-	43813
Equity Fund	558.1	587.4	-	43814
Property Fund	306.3	322.4	-	43815
International Fund	482.1	507.4	-	43816
Gilt Fund	380.4	400.4	-	43820
Money Fund	216.6	227.9	-	43819
United States Fund	267.1	278.0	-	43818
Pacific Basin	301.5	317.3	-	43817
Royal Life (Unit Linkd. Pension Fds) Ltd				
Exempt Man Fd Acc	478.4	503.5	-	43821
Exempt Equity Fd Acc	840.4	884.6	-	43822
Exempt Prop Fd Acc	315.2	331.7	-	43823
Exempt Intl Fd Acc	788.4	829.8	-	43824
Exempt Gilt Fd Acc	454.0	477.8	-	43825
Exempt Money Fd Acc	296.9	312.5	-	43826
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT.				051-236 1451
UK Equity	81.6	85.9	-	43827
Global Equity	81.2	84.4	-	43828
High Yield	79.9	84.1	-	43829
Intl Equity	86.7	91.3	-	43830
Fixed Interest	82.7	87.0	-	43831
Money	75.9	79.9	-	43832
Managed	83.1	87.5	-	43833
Pensions				
UK Equity	89.1	93.8	-	43834
Global Equity	85.2	89.6	-	43835
High Yield	93.3	98.2	-	43836
Intl Equity	98.9	102.0	-	43837
Fixed Interest	99.5	104.7	-	43838
Money	93.9	98.8	-	43839
Managed	93.6	98.7	-	43840
Tax Exempt				
Tax Exempt Mgd	70.8	74.5	-	46282

	Bid Price	Offer Price	Yield Gross	City-Line
Scottish Widows' Group				
PO Box 902, Edinburgh EH16 5BU				031-655 6000
Inv Pol 1 Jan 7	933.0	991.0	-	43974
Inv Pol 2 Jan 7	904.4	952.1	-	43975
Inv Pol 3 Jan 7	869.2	914.0	-	43976
Inv Pol Cash Ser 2 Jan 7	305.0	321.2	-	43977
Inv Pol Cash Ser 3 Jan 7	301.2	317.1	-	47316
Mixed Fund	467.9	492.6	-	43978
Equity Fund	656.7	686.1	-	43979
Property Fund	224.4	236.3	-	43980
International Fund	498.0	524.3	-	43981
Fixed Int. Fund	399.4	420.6	-	43982
Index Stk. Fd	209.1	220.4	-	43983
Cash Fd	221.7	233.5	-	43984
Pens. Mixed Fd. Ord	629.4	662.7	-	43985
Pens. Equity Fd. Ord	753.8	793.5	-	43986
Pens. Prop. Fd. Ord	304.4	320.5	-	43987
Pens. Int. Fd. Ord	840.7	882.9	-	43988
Pens. Fxd.Int.Fd.Ord	598.1	629.1	-	43989
Pens.Ind.Stk.Fd Ord	246.3	259.4	-	43990
Pen. Cash Fd. Ord	336.7	354.6	-	43991
Building Society	97.5	102.7	-	49588
PM Mixe	3068.7	3068.7	-	43992
PM St Ex	3275.9	3275.9	-	43993
PM St Ex Eq	140.5	140.5	-	41505
PM St Ex FI	151.7	151.7	-	41536
PM Property	279.8	279.8	-	43994
PM Pens Protection	212.8	212.8	-	46422
PM IL Protection	131.3	131.3	-	41484
PM Cash	388.2	388.2	-	43995
Skandia Life Assurance Co Ltd (z)				
Skandia Hse, Portland Tcr, Southampton				0703 334411
Skandia Valuation Line 0800 181396				
Life Managed Funds				
Skandia Cautious	146.8	154.5	-	44449
Skandia Balanced	380.6	400.6	-	44001
Skandia Distribution	118.6	124.8	-	46615
Skandia Global Selection	123.3	129.7	-	44435
Skandia Deposit	259.9	273.6	-	50103
Abtrust Managed	132.2	139.1	-	41415
Barings Managed	144.4	151.9	-	47184
CU Managed	246.1	259.0	-	44161
Fidelity Managed	207.9	218.8	-	44031
Fleming Managed Inv Tst	145.9	153.5	-	44428
F & C Investment Trust	188.4	198.3	-	40684
Framlington Managed	238.1	250.6	-	44944
Gartmore Managed	267.6	281.6	-	44074
Henderson Managed	267.5	281.5	-	44109
Hill Samuel Managed	237.2	249.6	-	44173
Invesco Managed	205.2	216.0	-	44141
James Capel Core Mngd	141.0	148.4	-	45750
Kleinwort Benson Mngd	140.8	148.2	-	46434
Martin Currie Mngd	155.4	163.5	-	45755
Morgan Grenfell Mngd	169.6	187.8	-	45787

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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Citibank - Contd.

	Bid Price	Offer Price	Yield Gross	City-Line
Bond Funds				
NVB (A) Jan 17	$91482.3537		-	44858
Special Assets (B) Dec 1	FFr11691.3190		-	49157
Citibank N.A.				
Libra 2000 Nov 30	$139.28		-	49158
Libra 2000 Intl Nov 30	$739.28		-	49159
Coutts & Co (Jersey) Fund Managers Ltd				
Ashburton Replica Portfolio Ltd				
Ashburton Replica Pfolio Ltd £	14.20	14.78	-	47755
Ashburton Replica Pfolio Ltd $	$12.90	13.61	-	47758
EBC Fund Managers (Jersey) Ltd				
EBC Traded Currency Fund Ltd*				
Income	$14.48	14.914	1.26	44893
Capital	$22.78	23.464	-	44894
*Offer price includes 3% prelim. charge				
International Income Fund*				
Eurobd Long Term-US$	$33.06	34.4587xd	4.89	44892
Eurobd Long Term -DM	DM08.35	111.1787	1.52	49180
*Offer Price includes 3½% initial Charge				
Fleming Group				
Robert Fleming Management (Jersey) Ltd				
Czech & Slovak NAV Dec 31	$10.09		-	49161
Deutschland NAV Dec 31	DM17.00		-	45896
Foreign & Colonial Mngmt (Jersey) Ltd				
Hypo Foreign & Colonial Reserve Asset Fd Ltd				
US$ Cash	$11.176		-	45005
Sterling Cash	£13.327		-	45007
US$ Bonds	$17.048		-	45008
Multicurrency Bonds	$22.720		-	45009
Sterling Bonds	£17.841		-	45010
D Mark Bonds	DM12.881		-	45011
European Bonds	Ecu14.942		-	45013
UK Equities	£14.205		-	45014
US Equities	$18.889		-	45015
Japanese Equities	Y617.8		-	45016
Cont'l Euro Equities	DM21.286		-	45017
UK Negative Equities	£10.376		-	48010

CMI Asset Management - Contd.

	Init Charge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Japan Index Tracking		Y-	794		-	4735
UK Eqty Index Tracking		£-	7.380		2.05	4736
US Eqty Index Tracking		$-	13.174		1.05	4741
German Bond		DM-	23.989		6.48	4742
Japanese Bond		Y-	1704		3.50	4744
Swiss Bond		SFr-	22.818		3.93	4745
UK Bond		£-	7.037		6.23	4747
US Bond		$-	11.892		5.74	4748
Stlg Currency Reserve		£-	5.007xd		4.91	4749
US Dlr Currency Reserve		$-	10.021xd		2.46	4750

Comgest SA
56 rue de Londres, 75008 Paris 010 331 4470 7510

Comgest Europe SICAV | SFr- 1237.13 | - | 51609

Commercial Union Luxembourg SA (u)
41 Ave de la Gare L-1611 010 352 402920281

Commercial Union Privilege Portfolio

		Bid Price	Offer Price	Yield Gr's	City-Line
Equity Funds					
Monthly Income	£-	1.2423	1.3216	7.05	[illegible]
Private Client Mgd	£-	1.3835	1.4[illegible]	-	[illegible]
Far Eastern Gwth	$-	3.0952	3.2[illegible]	-	[illegible]
American Gwth	$-	2.4357	2.5912	-	[illegible]
European Gwth	Ecu-	2.4178	2.5721	-	[illegible]
Japanese Gwth	Y-	141	150	-	[illegible]
UK Growth	£-	1.3332	1.4183	-	[illegible]
Italian Gwth	L-	1714	1823	-	[illegible]
Spanish Gwth	Pta-	216	230	-	[illegible]
Dutch Gwth	Dfl-	6.7280	7.1574	-	[illegible]
Belgian Gwth	BFr-	114	121	-	[illegible]
French Gwth	FFr-	11.0698	11.7677	-	[illegible]
German Growth	DM-	2.6490	2.8181	-	[illegible]
Green	$-	1.6419	1.7466	-	[illegible]
Gold Shares	$-	1.3846	1.4[illegible]	-	[illegible]
Emerging Countries	$-	2.3993	2.5[illegible]	-	[illegible]
Reserve Funds					
Dollar Reserve Acc	$-	10.7369	10.8463	1.42	[illegible]
Dollar Reserve Dis	$-	9.9[illegible]	10.0[illegible]	1.42	[illegible]
Yen Reserve Acc	Y-	1050	1061	1.88	[illegible]
Yen Reserve Dis	Y-	990xd	1000	1.88	[illegible]
D'mark Reserve Acc	DM-	12.0386	12.1[illegible]	5.16	[illegible]
D'mark Reserve Dis	DM-	9.91[illegible]	10.0[illegible]	5.16	[illegible]

Lloyds Bank Luxembourg
1, Rue Schiller, Luxembourg 010 352 4022121

Credit Suisse

Rosenberg Global Mngt Co SA (u)

Citizens Investment Trust Mgt Co Ltd

Haussmann Hldgs NV Curacao

Pakistan Fund

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Jan 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.3739	-0.0413	670 - 807	18.4215	18.3405	18.3777	-0.2	18.3871	-0.3	-	-	113.5
Belgium	(BFr)	54.4568	-0.1604	059 - 077	54.6655	54.4050	54.5468	-2.0	54.6668	-1.5	54.9218	-0.9	112.5
Denmark	(DKr)	10.1102	-0.038	010 - 193	10.1387	10.1005	10.1222	-1.4	10.1317	-0.9	10.1562	-0.5	115.4
Finland	(FM)	8.5496	-0.0205	854 - 118	8.6210	8.4740	-	-	-	-	-	-	81.0
France	(FFr)	8.8673	-0.0229	650 - 695	8.8972	8.8525	8.876	-1.2	8.8874	-0.9	8.8951	-0.3	107.8
Germany	(DM)	2.6118	-0.0091	108 - 127	2.6222	2.6079	2.6135	-0.8	2.6149	-0.5	2.6144	-0.1	121.9
Greece	(Dr)	375.084	-1.916	591 - 537	377.072	374.557	-	-	-	-	-	-	-
Ireland	(I£)	1.0444	-0.003	437 - 451	1.0486	1.0419	1.0449	-0.6	1.0456	-0.5	1.0466	-0.2	103.3
Italy	(L)	2547.66	+2.24	650 - 885	2558.76	2544.20	2554.03	-3.0	2565.63	-2.8	2608.53	-2.4	76.2
Luxembourg	(LFr)	54.4568	-0.1604	059 - 077	54.6655	54.4050	54.5468	-2.0	54.6668	-1.5	54.9218	-0.9	112.5
Netherlands	(Fl)	2.9244	-0.0082	224 - 264	2.9348	2.9214	2.9247	-0.1	2.9231	0.2	2.9122	0.4	118.0
Norway	(NKr)	11.2583	-0.0321	549 - 616	11.3030	11.2500	11.2742	-1.7	11.2721	-0.5	11.2585	0.0	84.8
Portugal	(Es)	263.123	-1.082	930 - 316	264.265	262.678	264.518	-6.4	267.138	-6.1	-	-	-
Spain	(Pta)	215.266	-0.6	118 - 414	216.176	214.920	215.986	-4.0	217.116	-3.4	221.041	-2.7	83.9
Sweden	(SKr)	12.2269	-0.0238	174 - 364	12.2555	12.1590	12.2529	-2.6	12.2834	-1.8	12.3889	-1.3	75.5
Switzerland	(SFr)	2.2083	-0.0032	071 - 094	2.2165	2.2060	2.2069	1.3	2.2007	1.4	2.1738	1.6	116.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.7
Ecu	-	1.3462	-0.0032	457 - 467	1.3500	1.3445	1.3476	-1.2	1.3494	-1.0	1.3515	-0.4	-
SDR†	-	0.916279	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4893	-0.0032	890 - 898	1.4950	1.4845	-	-	-	-	-	-	-
Brazil	(Cr)	578.252	+7.502	147 - 356	579.000	569.000	-	-	-	-	-	-	-
Canada	(C$)	1.9706	-0.0069	699 - 713	1.9815	1.9624	1.9679	1.7	1.9627	1.6	1.948	1.1	92.0
Mexico (New Peso)		4.6358	-0.0121	335 - 381	4.6525	4.6240	-	-	-	-	-	-	-
USA	($)	1.4921	-0.0039	918 - 923	1.4981	1.4880	1.4891	2.4	1.4839	2.2	1.4689	1.6	67.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1629	-	617 - 640	2.1749	2.1584	2.1614	0.8	2.1592	0.7	2.1592	0.2	-
Hong Kong	(HK$)	11.5289	-0.0281	262 - 316	11.5721	11.4975	11.5085	2.1	11.475	1.9	11.3837	1.3	-
India	(Rs)	46.8038	-0.1223	903 - 172	46.9880	46.6820	-	-	-	-	-	-	-
Japan	(Y)	165.938	-1.856	858 - 018	167.500	165.020	165.488	3.3	164.578	3.3	160.513	3.3	177.6
Malaysia	(M$)	4.0726	-0.0129	681 - 770	4.0870	4.0570	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6742	-0.0123	720 - 763	2.6875	2.6680	2.6764	-1.0	2.6794	-0.8	2.6812	-0.3	-
Philippines	(Peso)	41.3299	-0.108	245 - 352	41.7500	41.0195	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5949	-0.0146	937 - 961	5.6175	5.5800	-	-	-	-	-	-	-
Singapore	(S$)	2.3996	-0.0079	984 - 007	2.4095	2.3920	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0935	-0.0018	915 - 955	5.1100	5.0790	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.3823	-0.064	737 - 908	6.4605	6.3500	-	-	-	-	-	-	-
South Korea	(Won)	1211.18	-2.04	060 - 175	1215.40	1208.25	-	-	-	-	-	-	-
Taiwan	(T$)	39.5319	-0.1183	178 - 460	39.7100	39.4300	-	-	-	-	-	-	-
Thailand	(Bt)	38.1517	-0.1147	304 - 730	38.2910	38.0830	-	-	-	-	-	-	-

†SDR rate for Jan 13. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.3145	+0.0045	120 - 170	12.3405	12.2905	12.3407	-2.6	12.3792	-2.1	12.4805	-1.3	102.7
Belgium	(BFr)	36.4980	-0.012	700 - 260	36.6020	36.4300	36.648	-4.9	36.888	-4.3	37.573	-2.9	102.2
Denmark	(DKr)	6.7760	-0.0078	710 - 810	6.7970	6.7710	6.7977	-3.9	6.828	-3.1	6.898	-1.8	104.0
Finland	(FM)	5.7294	+0.0012	880 - 708	5.7710	5.6765	5.7396	-2.1	5.7509	-1.5	5.7849	-1.0	75.6
France	(FFr)	5.9430	+0.0001	425 - 435	5.9640	5.9325	5.9608	-3.6	5.9893	-3.1	6.056	-1.9	104.4
Germany	(D)	1.7505	-0.0015	501 - 508	1.7580	1.7475	1.7552	-3.2	1.7622	-2.7	1.7789	-1.6	103.8
Greece	(Dr)	251.375	-0.625	100 - 650	251.900	251.250	255.025	-17.4	261.875	-16.7	296.375	-17.9	71.5
Ireland	(I£)	1.4287	+0.0004	279 - 294	1.4327	1.4225	1.425	3.1	1.4187	2.8	1.4017	1.9	-
Italy	(L)	1707.50	+5.95	700 - 800	1714.25	1703.50	1715.2	-5.4	1729	-5.0	1776	-4.0	77.1
Luxembourg	(LFr)	36.4980	-0.012	700 - 260	36.6020	36.4300	36.648	-4.9	36.888	-4.3	37.573	-2.9	102.2
Netherlands	(Fl)	1.9600	-0.0004	590 - 610	1.9688	1.9573	1.9641	-2.5	1.9699	-2.0	1.9827	-1.2	103.4
Norway	(NKr)	7.5455	-0.0018	445 - 465	7.5780	7.5420	7.5627	-2.7	7.5885	-2.3	7.6555	-1.5	94.3
Portugal	(Es)	176.350	-0.25	250 - 450	176.820	176.230	177.555	-8.2	179.72	-7.6	187.4	-6.3	94.3
Spain	(Pta)	144.275	-0.025	200 - 350	144.700	176.200	145.05	-6.4	146.32	-5.7	150.5	-4.3	79.3
Sweden	(SKr)	8.1947	+0.0056	897 - 997	8.2115	8.1450	8.2287	-5.0	8.2779	-4.1	8.4347	-2.9	81.2
Switzerland	(SFr)	1.4800	+0.0017	795 - 805	1.4882	1.4765	1.4813	-1.1	1.483	-0.8	1.4792	0.1	104.1
UK	(£)	1.4921	-0.0039	918 - 923	1.4981	1.4880	1.4891	2.4	1.4839	2.2	1.4689	1.6	92.1
Ecu	-	1.1084	-0.0003	081 - 086	1.1100	1.1045	1.105	3.6	1.0997	3.1	1.0859	1.9	-
SDR†	-	1.37195	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9982	+0.0005	981 - 982	0.9982	0.9978	-	-	-	-	-	-	-
Brazil	(Cr)	387.555	+6.025	550 - 560	387.580	387.500	-	-	-	-	-	-	-
Canada	(C$)	1.3208	-0.0011	205 - 210	1.3215	1.3170	1.3216	-0.7	1.3227	-0.6	1.3262	-0.4	82.3
Mexico (New Peso)		3.1070	-	060 - 080	3.1085	3.1060	3.1087	-0.7	3.1128	-0.7	3.127	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.9
Pacific/Middle East/Africa													
Australia	(A$)	1.4496	+0.0038	491 - 501	1.4535	1.4485	1.4506	-0.9	1.4538	-1.2	1.4613	-0.8	87.1
Hong Kong	(HK$)	7.7269	+0.0014	264 - 274	7.7275	7.7250	7.7294	-0.4	7.7321	-0.3	7.7394	-0.2	-
India	(Rs)	31.3688	-	650 - 725	31.3750	31.3600	31.4488	-3.1	31.6538	-3.6	-	-	-
Japan	(Y)	111.215	-0.95	180 - 250	111.950	110.820	111.14	0.8	110.91	1.1	109.27	1.7	135.8
Malaysia	(M$)	2.7295	-0.0015	270 - 320	2.7325	2.7200	2.7263	1.4	2.7315	-0.3	2.7595	-1.1	-
New Zealand	(NZ$)	1.7923	-0.0035	912 - 934	1.7947	1.7910	1.7936	-0.9	1.7975	-1.2	1.8081	-0.9	-
Philippines	(Peso)	27.7000	+0.05	000 - 000	27.9100	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7498	-	496 - 500	3.7505	3.7490	3.7543	-1.4	3.7673	-1.9	3.7765	-0.7	-
Singapore	(S$)	1.6082	-0.0011	077 - 087	1.6090	1.6065	1.6066	1.2	1.6048	0.8	1.6142	-0.4	-
S Africa (Com.)	(R)	3.4138	+0.0077	130 - 145	3.4160	3.4005	3.4315	-6.2	3.459	-5.3	3.5618	-4.3	-
S Africa (Fin.)	(R)	4.2775	-0.045	725 - 825	4.3210	4.2600	4.3045	-7.6	4.3575	-7.5	-	-	-
South Korea	(Won)	811.750	+0.75	500 - 000	812.000	811.200	814.75	-4.4	818.25	-3.2	836.75	-3.1	-
Taiwan	(T$)	26.4950	-0.01	900 - 000	26.5100	26.4900	26.5539	-2.7	26.675	-2.7	-	-	-
Thailand	(Bt)	25.5700	-0.01	600 - 800	25.5850	25.5600	25.61	-1.9	25.685	-1.5	25.89	-1.3	-

†SDR rate for Jan 13. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 13. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 14		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.56	16.28	4.796	1.917	4679	5.369	20.68	483.1	395.3	22.46	4.054	1.836	3.619	2.740	304.6	2.472
Denmark	(DKr)	53.87	10	8.771	2.584	1.033	2520	2.892	11.14	260.2	213.0	12.10	2.184	0.989	1.950	1.476	164.1	1.331
France	(FFr)	61.42	11.40	10	2.946	1.177	2874	3.298	12.70	296.7	242.8	13.79	2.490	1.128	2.223	1.683	187.1	1.518
Germany	(DM)	20.85	3.871	3.395	1	0.400	975.5	1.119	4.311	100.7	82.43	4.682	0.845	0.383	0.755	0.571	63.51	0.515
Ireland	(I£)	52.16	9.684	8.493	2.502	1	2441	2.801	10.79	252.0	206.2	11.71	2.115	0.958	1.888	1.429	158.9	1.289
Italy	(L)	2.137	0.397	0.348	0.103	0.041	100.	0.115	0.442	10.33	8.450	0.480	0.087	0.039	0.077	0.059	6.511	0.053
Netherlands	(Fl)	18.63	3.458	3.032	0.893	0.357	871.4	1	3.851	89.98	73.63	4.183	0.755	0.342	0.674	0.510	56.74	0.460
Norway	(NKr)	48.37	8.979	7.876	2.320	0.927	2263	2.597	10	233.7	191.2	10.86	1.961	0.888	1.750	1.325	147.3	1.195
Portugal	(Es)	20.70	3.843	3.370	0.993	0.397	968.5	1.111	4.280	100.	81.83	4.649	0.839	0.380	0.749	0.567	63.06	0.512
Spain	(Pta)	25.29	4.696	4.118	1.213	0.485	1183	1.358	5.230	122.2	100.	5.680	1.026	0.464	0.915	0.693	77.06	0.625
Sweden	(SKr)	44.53	8.267	7.250	2.136	0.854	2083	2.391	9.207	215.1	176.0	10	1.805	0.818	1.612	1.220	135.7	1.101
Switzerland	(SFr)	24.66	4.579	4.016	1.183	0.473	1154	1.324	5.100	119.2	97.51	5.539	1	0.453	0.893	0.676	75.14	0.610
UK	(£)	54.46	10.11	8.867	2.612	1.044	2548	2.924	11.26	263.1	215.3	12.23	2.208	1	1.971	1.492	165.9	1.346
Canada	(C$)	27.63	5.129	4.499	1.325	0.530	1293	1.484	5.713	133.5	109.2	6.205	1.120	0.507	1	0.757	84.17	0.683
US	($)	36.50	6.776	5.943	1.751	0.700	1708	1.960	7.547	176.3	144.3	8.197	1.480	0.670	1.321	1	111.2	0.902
Japan	(Y)	328.3	60.94	53.45	15.74	6.293	15359	17.63	67.87	1586	1298	73.72	13.31	6.028	11.88	8.993	1000.	8.113
Ecu		40.46	7.511	6.588	1.941	0.776	1893	2.172	8.366	195.5	160.0	9.086	1.640	0.743	1.464	1.108	123.3	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open Int.
Mar	0.5686	0.5693	+0.0008	0.5697	0.5667	62,495	147,676
Jun	0.5648	0.5663	+0.0008	0.5664	0.5636	641	6,720
Sep	-	0.5642	+0.0007	-	0.5625	31	254
		0.5632	+0.0008	-	-		

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est.vol	Open Int.
Mar	0.6756	0.6757	+0.0004	0.6762	0.6707	43,713	38,268
Jun	0.6705	0.6752	+0.0004	0.6758	0.6705	50	515
Sep	-	0.6756	+0.0004	-	-	2	30

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	0.8962	0.9025	+0.0060	0.9040	0.8947	20,434	99,365
Jun	0.9000	0.9058	+0.0063	0.9087	0.9000	321	5,395
Sep	0.9068	0.9105	+0.0068	0.9100	0.9085	10	330

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	1.4916	1.4878	-0.0046	1.4924	1.4824	25,198	41,184
Jun	1.4790	1.4808	-0.0046	1.4830	1.4750	141	1,031
Sep	-	1.4752	-0.0046			1	11
Dec	-	1.4714	-0.0046			7	10

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	Feb	Mar	PUTS Jan	Feb	Mar
1.400	9.17	8.90	8.76	-	-	0.10
1.425	6.72	6.50	6.55	-	0.01	0.33
1.450	4.22	4.19	4.53	-	0.19	0.78
1.500	1.77	2.33	2.84	-	0.72	1.58
1.500	-	0.99	1.64	0.58	1.88	2.77
1.525	-	0.32	0.83	2.98	3.60	4.45

Previous day's vol., Calls Puts . Prev. day's open int., Calls Puts

UK INTEREST RATES

LONDON MONEY RATES

Jan 14	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5¼ - 2½	5½ - 5⅛	5½ - 5⅜	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅜ - 5¼
Sterling CDs	-	-	5 11/32 - 5 9/32	5 11/32 - 5 9/32	5¼ - 5 3/16	5 7/32 - 5 5/32
Treasury Bills	-	-	5 5/16 - 5⅛	5 - 4 13/16	-	-
Bank Bills	-	-	5 5/32 - 5 3/32	5⅛ - 5 3/32	5 1/32 - 5	-
Local authority deps.	5 13/16 - 4 13/16	5 3/16 - 5 1/16	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅜ - 5¼	5 5/16 - 5 3/16
Discount market deps.	5½ - 3¼	5½ - 5⅛	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1¾	4¼	4	3¾	3¾

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc. Ave. tender rate of discount 4.9094pc. ECGD fixed rate Stg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate 5½pc from Jan 1, 1994

BANK OF ENGLAND TREASURY BILL TENDER

	Jan 14	Jan 7		Jan 14	Jan 7
Bills on offer	£200m	£200m	Top accepted rate	4.9335%	4.8934%
Total of applications	£958m	£923m	Ave. rate of discount	4.9094%	4.8909%
Total allocated	£200m	£200m	Average yield	4.9702%	4.8513%
Min. accepted bid	£98.770	£98.780	Offer at next tender	£200m	£200m
Allotment at min. level	18%	77%	Min. accept. bid 182 days	-	-

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on page 17 in today's edition.

■ Pound in New York

Jan 14	Close	Prev. close
£ spot	1.4935	1.4970
1 mth	1.4905	1.4939
3 mth	1.4855	1.4889
1 yr	1.4700	1.4735

FIXED INTEREST RATES

MONEY RATES

January 14	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis rate	Repo rate
Belgium	7¼	7⅜	7⅛	6⅞	6½	7.40	5.25	-
week ago	7¼	7⅜	6⅞	6¾	6½	7.40	5.25	-
France	6½	6½	6¼	6	5¾	6.20	-	7.75
week ago	6½	6½	6¼	6¼	5¾	6.20	-	7.75
Germany	6.00	6.05	5.80	5.55	5.20	6.75	5.75	6.00
week ago	6.02	6.05	5.80	5.55	5.18	6.75	5.75	6.00
Ireland	5 9/16	5 9/16	5 9/16	5⅝	5⅝	-	-	6.75
week ago	6¼	5 9/16	6¼	5 9/16	5¾	-	-	6.75
Italy	9¼	8¾	8⅝	8¾	7 13/16	-	8.00	8.92
week ago	8 13/16	8¾	8⅝	8⅜	8¼	-	8.00	8.72
Netherlands	5.56	5.46	5.20	5.00	4.83	-	5.25	-
week ago	5.72	5.46	5.20	5.01	4.80	-	5.25	-
Switzerland	4¾	4⅜	4¼	3 13/16	3 11/16	6.625	4.25	-
week ago	4	4⅜	4	3⅞	3¾	6.625	4.25	-
US	2⅞	3¼	3¼	3⅜	3 9/16	-	3.00	-
week ago	2 15/16	3¼	3¼	3¼	3⅜	-	3.00	-
Japan	2⅜	2⅜	2¼	2¼	2	-	1.75	-
week ago	2¼	2⅜	2¼	1⅞	1 13/16	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3⅛	3¼	3¼	3⅝	-	-	-
week ago	-	3⅛	3¼	3½	3⅞	-	-	-
US Dollar CDs	-	2.95	3.04	3.19	3.51	-	-	-
week ago	-	2.95	3.06	3.18	3.49	-	-	-
SDR Linked Ds	-	3⅜	3⅝	3 13/16	3 13/16	-	-	-
week ago	-	3⅜	3⅝	3 13/16	3 13/16	-	-	-

3 Month US Treasury Bill Yield. 3.03 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 14	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7 3/16 - 7 1/16	7¼ - 7⅛	7¼ - 7⅛	7 1/16 - 6 15/16	6 11/16 - 6 9/16	6 5/16 - 6 3/16
Danish Krone	7 - 6¼	7¼ - 6⅝	7 - 6½	6¾ - 6½	6 7/16 - 6 3/16	6 1/16 - 5⅞
D-Mark	6⅛ - 6	6 3/16 - 6 1/16	6⅛ - 6	5⅞ - 5¾	5⅝ - 5½	5 5/16 - 5 3/16
Dutch Guilder	5 9/16 - 5½	5 9/16 - 5½	5 7/16 - 5⅜	5 5/16 - 5⅛	5 - 4 15/16	4¾ - 4 11/16
French Franc	6⅝ - 6½	6⅝ - 6½	6 9/16 - 6 7/16	6⅜ - 6¼	6 1/16 - 5 15/16	5 11/16 - 5 9/16
Portuguese Esc.	11 - 10⅞	11⅜ - 10⅞	11½ - 11	11 5/16 - 10 13/16	11 - 10¾	10¾ - 10¼
Spanish Peseta	9 5/16 - 9⅛	9 5/16 - 9⅛	9 5/16 - 9⅛	8⅞ - 8 11/16	8 7/16 - 8¼	8⅛ - 7 15/16
Sterling	5¾ - 5½	5⅝ - 5½	5½ - 5⅜	5 7/16 - 5¼	5 7/16 - 5 5/16	5⅜ - 5 5/16
Swiss Franc	4¼ - 4	4¼ - 4	4 3/16 - 4 1/16	4 - 3⅞	3⅞ - 3¾	3 11/16 - 3 9/16
Can. Dollar	4 - 3 13/16	3 13/16 - 3¾	3 13/16 - 3 11/16	3 13/16 - 3 11/16	3 13/16 - 3 11/16	4⅛ - 4
US Dollar	2 13/16 - 2 11/16	3 1/16 - 2 15/16	3⅛ - 3	3¼ - 3⅛	3 7/16 - 3 5/16	3¾ - 3⅝
Italian Lira	10 - 8	8½ - 8	8⅜ - 7⅞	8⅜ - 7⅞	8⅛ - 7¾	8⅛ - 7¾
Yen	2⅜ - 2¼	2⅜ - 2¼	2 5/16 - 2 3/16	2 5/16 - 2 3/16	2 1/16 - 1 15/16	2 - 1⅞
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett Price	Change	High	Low	Est. vol	Open int.
Mar	96.60	96.60	-0.01	96.60	96.56	72,043	421,719
Jun	96.30	96.28	-0.03	96.30	96.25	127,660	375,997
Sep	96.00	95.97	-0.04	96.00	95.93	114,169	261,903
Dec	95.60	95.56	-0.05	95.60	95.37	48,517	196,960

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett Price	Change	High	Low	Est. vol	Open int.
Mar	96.89	96.87	-0.02	96.90	96.86	1,598	25,690
Jun	96.65	96.60	-0.06	96.66	96.59	1,515	7,688
Sep	96.38	96.33	-0.05	96.39	96.31	171	2,200

All Open interest figs. are for previous day

BANK RETURN

BANKING DEPARTMENT	Wednesday January 12, 1994	Increase or decrease for week
Liabilities	£	£
Capital	14,553,000	
Public deposits	4,303,772,625	-77,732,291
Bankers deposits	1,445,004,314	-146,302,966
Reserve and other accounts	4,660,376,526	-505,962,029
	10,423,706,465	-729,997,286
Assets		
Government securities	1,059,163,754	-78,654,999
Advance and other accounts	8,913,303,289	-648,805,533
Premise, equipment and other secs	444,632,044	+136,086
Notes	6,363,258	-4,697,178
Coin	244,120	+24,338
	10,423,706,465	-729,997,286
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	17,533,636,742	-895,302,822
Notes in Banking Department	6,363,258	-4,697,178
	17,540,000,000	-900,000,000
Assets		
Government debt	11,015,100	
Other Government securities	5,796,111,470	-124,774,526
Other Securities	11,732,873,430	-775,225,474
	17,540,000,000	-900,000,000

STOCK EXCHANGES

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY JANUARY 14 1994 US Dollar Index	%chg since 31/12/93	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/93	Gross Div. Yield	THURSDAY JANUARY 13 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	171.21	2.6	170.12	120.38	155.81	165.06	0.9	3.12	169.68	168.14	120.29	154.54	163.14	172.37	118.05	118.05
Austria (17)	187.00	1.1	185.81	131.46	170.18	170.04	2.1	0.94	186.42	184.75	132.17	169.80	169.45	190.78	131.16	132.37
Belgium (42)	160.76	-1.2	159.73	113.01	146.30	144.69	-0.2	3.97	161.04	159.59	114.18	146.68	144.99	166.01	133.37	135.28
Canada (107)	141.44	4.2	140.54	99.44	128.72	135.28	3.9	2.48	141.07	139.81	100.02	128.50	135.04	141.44	111.41	113.31
Denmark (32)	262.68	6.3	261.01	184.67	239.06	242.09	6.0	0.94	262.14	259.78	185.86	238.76	241.86	262.91	186.70	188.41
Finland (22)	140.68	14.2	139.79	98.90	128.03	169.16	13.0	0.61	138.70	137.45	98.34	126.33	166.73	140.69	65.50	70.43
France (98)	176.10	0.1	174.98	123.80	160.26	164.17	0.7	2.83	175.36	173.78	124.33	159.72	163.47	182.15	142.90	145.31
Germany (59)	132.01	-5.9	131.17	92.81	120.14	120.14	-5.1	1.74	133.19	132.00	94.44	121.32	121.32	142.38	102.90	102.90
Hong Kong (56)	443.20	-9.4	440.38	311.57	403.35	439.66	-9.4	2.48	416.78	413.05	295.50	379.63	413.38	506.56	225.77	236.11
Ireland (14)	200.18	8.1	198.91	140.73	182.18	197.43	6.6	2.87	200.30	198.50	142.01	182.44	197.60	202.59	129.29	140.07
Italy (68)	66.84	-2.5	66.41	46.99	60.83	85.23	-2.8	1.93	66.95	66.35	47.47	60.98	85.08	78.93	55.21	57.12
Japan (468)	137.75	5.9	136.87	96.84	125.37	96.84	5.5	0.84	134.47	133.26	95.34	122.48	95.34	165.91	100.75	101.07
Malaysia (69)	519.08	-12.2	515.77	364.92	472.40	545.66	-11.1	1.33	465.86	461.68	330.30	424.33	489.99	621.63	255.36	255.36
Mexico (18)	2334.73	-2.2	2319.83	1641.32	2124.75	7931.16	-2.2	0.64	2360.63	2339.45	1673.70	2150.15	8019.12	2457.83	1410.30	1652.26
Netherland (26)	199.74	0.3	198.47	140.42	181.78	178.68	1.2	2.97	197.67	195.90	140.15	180.05	176.86	203.59	151.27	152.08
New Zealand (14)	68.69	1.2	68.25	48.29	62.52	65.37	1.4	3.58	69.12	68.50	49.01	62.96	65.91	70.27	40.56	41.19
Norway (23)	189.81	5.7	188.60	133.44	172.74	194.40	6.0	1.31	187.26	185.58	132.77	170.57	191.83	191.41	138.48	143.60
Singapore (45)	343.13	-8.6	340.94	241.22	312.28	254.30	-8.7	1.62	325.26	322.35	230.62	296.27	241.22	378.92	209.43	209.43
South Africa (60)	267.16	0.0	265.46	187.82	243.13	249.78	-0.3	2.27	263.24	260.87	186.64	239.77	248.70	280.26	153.88	157.95
Spain (42)	142.71	2.4	141.79	100.32	129.87	155.98	3.4	3.84	140.76	139.50	99.80	128.21	153.88	145.24	116.33	122.05
Sweden (36)	210.65	7.3	209.31	148.09	191.71	255.55	5.5	1.37	208.07	206.20	147.52	189.52	252.24	211.43	149.69	161.80
Switzerland (49)	162.81	1.7	161.78	114.45	148.17	149.39	1.3	1.45	161.17	159.72	114.27	146.80	147.71	166.68	109.14	112.58
United Kingdom (215)	207.25	1.1	205.93	145.70	188.61	205.93	0.2	3.51	205.30	203.46	145.56	187.01	203.46	209.55	162.00	170.59
USA (518)	193.15	1.7	191.92	135.79	175.78	193.15	1.7	2.70	192.20	190.48	136.27	175.06	192.20	193.24	176.29	178.19
EUROPE (744)	169.93	0.9	168.84	119.46	154.64	165.20	3.3	2.76	168.91	167.40	119.76	153.85	163.80	172.87	134.16	135.45
Nordic (113)	204.28	7.8	202.98	143.61	185.91	215.26	6.7	1.16	202.21	200.39	143.37	184.18	213.05	204.28	142.13	147.16
Pacific Basin (722)	150.15	3.5	149.19	105.56	136.65	109.10	3.1	1.12	145.89	144.58	103.44	132.88	106.74	168.80	105.89	106.11
Euro-Pacific (1466)	158.23	2.0	157.22	111.23	144.00	130.69	3.4	1.85	155.32	153.92	110.12	141.47	128.63	162.87	117.87	117.99
North America (625)	189.94	1.9	188.72	133.52	172.85	189.16	1.9	2.69	189.02	187.32	134.01	172.16	188.25	190.01	172.67	174.19
Europe Ex. UK (529)	146.93	-0.4	145.99	103.29	133.71	141.45	5.6	2.26	146.38	145.07	103.79	133.33	140.90	150.17	114.43	114.43
Pacific Ex. Japan (253)	268.73	-6.3	267.02	188.92	244.56	249.66	-6.5	2.42	255.37	253.08	181.06	232.61	237.13	296.21	155.37	155.46
World Ex. US (1651)	160.44	2.0	159.41	112.79	146.01	134.01	3.2	1.86	157.61	156.20	111.75	143.56	132.01	162.90	119.10	119.24
World Ex. UK (1954)	166.82	1.8	165.78	117.27	151.82	147.34	3.0	2.02	164.61	163.14	116.71	149.94	145.78	168.67	135.11	135.11
World Ex. So. Af. (2109)	169.75	2.0	168.68	119.33	154.48	161.61	2.7	2.17	167.59	166.09	118.82	152.65	149.93	170.47	138.15	138.15
World Ex. Japan (1700)	189.12	0.7	187.91	132.95	172.11	185.67	1.7	2.66	187.45	185.77	132.91	170.74	183.90	191.28	159.04	159.04
The World Index (2169)	170.34	1.9	169.25	119.75	155.02	152.41	2.7	2.17	168.15	166.65	119.22	153.16	150.71	170.77	138.19	138.19

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local). Please note: Certain indices 13/1/94 have been adjusted to the second decimal place. For further information please contact Natwest Securities Limited or Goldman, Sachs & Co. Constituent changes during the week ending 14/1/94: Deletion: Banco Lariano (Italy). Reclassification: Playmates Holdings from Toys (462) to Real Estate (161). Name change: Playmates Holdings to Playmates Properties Holdings (Hong Kong).

STOCK INDICES

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	1993/94 High	1993/94 Low	Since comp. High	Since comp. Low
FT-SE 100	3400.6	3380.0	3372.0	3413.8	3440.6	3462.0	2737.6	3462.0	986.9
FT-SE Mid 250	3915.7	3882.1	3864.6	3889.2	3901.4	3915.7	2876.3	3915.7	1379.4
FT-SE Mid 250 ex ITs	3922.5	3890.2	3868.8	3885.5	3898.0	3922.5	2874.6	3922.5	1378.3
FT-SE-A 350	1708.5	1698.4	1692.3	1711.0	1722.6	1725.8	1348.7	1725.8	664.5
FT-SE SmallCap	1940.69	1929.65	1930.56	1935.61	1930.79	1940.69	1377.88	1940.69	1363.79
FT-SE SmallCap ex ITs	1902.28	1894.03	1892.97	1892.25	1884.79	1902.28	1380.06	1902.28	1363.79
FT-SE-A All-Share	1697.38	1673.12	1675.86	1693.39	1703.84	1705.99	1330.19	1705.99	61.92
FT-SE Eurotrack 100	1466.32	1458.82	1475.08	1493.81	1483.27	1485.12	1063.02	1485.12	900.45
FT-SE Eurotrack 200	1543.91	1534.54	1547.81	1565.49	1561.06	1559.88	1144.79	1559.88	938.62
FT Ordinary	2612.1	2577.4	2574.2	2604.8	2614.9	2617.4	2124.7	2617.4	49.4
FT Govt Securities	105.77	106.00	106.41	106.32	106.57	107.80	93.38	127.40	49.18
FT Fixed Interest	131.64	131.91	132.10	132.16	132.24	132.16	108.67	133.03	50.53
FT Gold Mines	245.7	242.9	260.8	258.1	259.4	277.8	60.0	734.7	43.5

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	6.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	53.3	102	100	Aberforth Sp C	100½		-	-	-	-
100	F.P.	28.6	102	92	Abtrust Lloyds	95½		-	-	-	-
100	F.P.	94.6	110	96	CLM Insce	110		-	-	-	-
§155	F.P.	283.2	185	178	Chelsfield	181	+2	MN2.4	-	1.7	-
260	F.P.	333.6	320	268	DFS Furniture	320	+1	L6.4	2.1	2.5	-
100	F.P.	63.7	100	98	Fairbairn Eur Sm	98		-	-	-	-
-	F.P.	33.3	112	101½	Finsbury Underwrt	111		-	-	-	-
100	F.P.	45.8	119	100	For & Col Small C	114½		-	-	-	-
60	P.P.	18.0	60	59	Friends Prov Eth	60		-	-	-	-
120	P.P.	36.3	123	121	Do. Units	121		-	-	-	-
60	P.P.	18.4	63	61	Do. Zero Div Pf	61½	-½	-	-	-	-
168	F.P.	407.0	208	166	Gartmore	202	+3	W4.0	2.0	2.5	25.0
-	F.P.	0.83	5	3	‡Harmony Wrnts.	4½		-	-	-	-
190	F.P.	63.6	241	191	Litho Suppls.	241	+1	R6.5	2.0	3.4	18.6
100	F.P.	43.5	110	94½	Masthead Insce.	108		-	-	-	-
-	F.P.	3.35	65	42	NM Smlr Aust Wrts	65	+4	-	-	-	-
100	F.P.	16.4	107	100	Pilot Inv C	107		-	-	-	-
§40	F.P.	-	46	44	Rackwood	44		-	-	-	-
§10	F.P.	2.04	11½	10¼	Rossmont	11		-	-	-	-
60	F.P.	10.6	70	60	‡Securitised En.	70	+2	RN3.5	1.0	6.2	12.4

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price £	+or-
-	F.P.	-	95	90	Budgens 5pc Cv 2003	94	
-	F.P.	-	110¼p	99¼p	Sun Alliance 7⅜pc Pf	107¼p	-½
100p	Nil	-	40ppm	32¼pm	Trafalgar Hse. Cv.Red.Pf	32¼ppm	
-	F.P.	-	127¼	107	Witan 6¼pc Bds	127¼	+1¾

pm Price at a premium. p Pence.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price p	+or-
48	Nil	17/2	16pm	8pm	Anglo Irish	15pm	-1
325	Nil	17/1	105pm	83pm	Bemrose	105pm	
73	Nil	31/1	15pm	11pm	Cementone	15pm	
5	Nil	21/2	9½pm	5pm	Europe Energy	6pm	-½
68	Nil	24/2	7pm	4pm	Hallun	4pm	-1
25	Nil	8/2	8pm	6pm	Sheldon Jones	8pm	

pm Price at a premium.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BANKS

	Notes	Price	Yr'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl	□	£24¼	-3.4	Q56%	1.8	Sep May	1.9	1867
ANZ A$	□	231¼	4.9	Q20c	ϕ	Jan Jul	9.12	1698
Abbey National	†□	520	6.1	11.86	2.3	May Oct	16.8	5411
Allied Irish I£	♣†a□	306	-1.9	Q44%	2.1	Oct May	16.8	1354
Anglo Irish I£	M□	68xd	7.9	Q17.9%	ϕ	Jan Jul	29.11	1355
Asahi Y	□	663	0.8	Q14%	1.3	Jun Dec	12.92	3049
Banco Bil Viz Pta	□	£14¼	-1.7	Q27.2%	2.7	JyOcJaAp	13.7	-
Banco Sant Pta		£29½	-8.4	Q34.7%	2.0	ApJyOcJa	30.10	-
Bank Leumi (UK)		375	......	17.0	-	Apr Sep	2.8	1740
Bk Ireland I£	♣a□	311	-1.3	Q13¼%	1.5	Jul Dec	15.11	1360
Bank Scotland	♣†□	221	-.9	4.67	1.6	Dec Jul	18.10	1742
9¼pc Pf		136¼	-1.6	9¼%	-	May Nov	18.10	1462
9¾pc Pf		143¼	-1.5	9¾%	-	May Nov	18.10	-
Barclays	†M□	600	-3.1	12.5	-	Oct May	16.8	1754
Dai Ichi Kan Y	□	£10¾	......	Q18%	3.2	Jun Dec	27.9	3221
Deutsche DM	□	£321¼	-4.7	Q30%	-	May	24.5	2345
Espirito Santo		£24½	3.0	Q120c	5.2	Jun	4.6	6187
First Nat Fin	□	75	17.2	1.5	ϕ	Mar	18.8	2571
6.3pc Cv Pf		87½xd	10.8	6.3%	-	Jul Jan	4.1	3970
7pc Cv Pf		142xd	14.5	7.0	-	Jul Jan	4.1	-
Fuji Bank Y	□	1205¼	2.4	Q17%	2.3	Dec Jun	4.7	1084
HSBC HK	†□	926	-1.1	20.0	2.0	Nov Jun	20.9	2798
HSBC (75p Shs)	†□	911	-1.0	20.0	2.0	Nov Jun	20.9	2776
Lloyds	†□	623	-1.7	19.1	1.9	Oct May	2.8	3171

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OIL, INTEGRATED - Cont.

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

	Notes	Price	Wk% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Seafield		14	...	–	–	–	4.90	1475
Stagecoach	U	175xd	2.9	3.8	1.8	Jan Oct	13.12	2065
TNT A$		102¼	4.5	–	–	–	3.91	4242
Tibbett & Britten	♣†	850	.	12.6	2.0	May Oct	4.10	4228
Tiphook	N	67	-14.1	19.3	–	Jan Oct	2.9	4238
Transport Dev.	♣N	294	0.7	8.5	2.8	Nov May	30.9	4292
Ugland Intl		98	..	–	–	–	18.11	–
Yard NKr		45¼	-4.3	–	–	–	–	–
Wah Kwong HK$		145¼	-6	Q5c	6.0	Aug Jan	–	–

WATER

	Notes	Price	Wk% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Anglian	♣†N	565xd	1.0	21.6	2.1	Oct Apr	29.11	5402
Bristol Water	†N	1073xd	1.4	31.8	2.3	Feb Oct	4.1	–
Chester A	†	452xd	....	11.7	2.5	Jan Aug	4.1	–
6 N.V.		436xd	.....	11.0	2.5	Jan Aug	4.1	–
East Surrey	†	383xd	1.3	11.79	3.0	Jan Jul	13.12	2405
Mid Kent	†N	350xd	.	10.75	2.0	Jan Jul	13.12	4389
North West	†N	574xd	2.0	21.94	2.4	Aug Apr	13.12	5422
Northumbrian	♣†N	718xd	-1.2	22.5	3.2	Oct Apr	15.11	5412
Severn Trent	♣†N	598xd	.	21.65	2.8	Oct Apr	13.12	6432
South Staffs	♣†	1550	0.5	48.5	3.0	Jan Jul	29.11	–
South West	♣†N	636xd	0.3	24.3	2.3	Sep Apr	29.11	5452
Southern	†N	625xd	-3.3	21.9	2.5	Oct Apr	4.1	5442
Thames	♣†N	504xd	1.6	21.5	2.2	Sep Feb	15.11	5462
Welsh	†N	690xd	0.3	24.15	3.6	Oct Apr	13.12	5472
Wessex	†N	697xd	-2.9	22.2	2.5	Oct Apr	4.1	5482
York Wworks	♣†	343xd	1.5	8.5	2.3	Jul Jan	13.12	3213
Yorkshire	♣†N	594xd	-2	21.8	2.4	Oct Apr	13.12	5492

AMERICANS

	Notes	Price £	Wk% ch'nge	Div gross	Dividends paid	Last xd	City line
Abbott Labs		19¼	-2.5	68c	FeMyAuNv	11.10	1503
Amdahl		427¼p	-9.4	5c	NvFeJnAu	31.1	–
Amer Cyanamid		33¼	-3	$1.75	MrJeSeDe	4.3	–
Amer Express		21xd	6.0	$1.00	FeMyAuNv	4.1	1594
Amer T & T		38¼	-3	$1.32	FeMyAuNv	29.12	1537
Ameritech		50¾	2.5	$3.68	FeMyAuNv	28.3	–
Anheuser-Busch		33⅛	0.8	Q$1.44	MrJeSeDe	4.11	1620
BankAmerica		32¼	3.2	$1.40	MrJeSeDe	18.11	1744
Bankers NY		52¼	0.6	$3.12	ApJyOcJa	1.10	1745
Bell Atlantic		37½	-6	$2.68	FeMyAuNv	4.7	–
BellSouth		38¼	3.3	$2.76	FeMyAuNv	5.4	–
Bethlehem Steel	♥	14⅛	3.6	–	MrJeSeDe	6.2	1851
Bowater		18⅛	-6	60c	OcJaApJy	6.9	1894
CPC		32⅛	1.2	$1.28	JaApJyOc	27.9	2263
California Engy		12½	-6	–	–	–	–
Chase Manhattan		23		$1.28	FeMyAuNv	28.10	2109
Chrysler		40¼	5.9	80c	ApJyOcJa	10.12	2125
Citicorp		27¼	9.8	–	–	23.10	2141
Colgate-Palm		40⅛	2.0	$1.44	FeMyAuNv	20.10	2194
Cont'l Bank		18	0.8	60c	DeMrJeSe	31.8	–
Dana		38¼	-3	$1.60	MrJeSeDe	25.11	2306
Data General		628¼p	-3.1	–	–	–	–
Decora Inds	♥	831½p	-4.0	–	–	–	–
Dun & Brad		41⅛	1.1	$2.44	MrJeSeDe	13.2	–
Eaton		36⅛	7.1	$1.20	FeMyAuNv	2.2	2410
Echlin		23⅛	3.8	70c	JaApJyOc	30.12	3046
FPL		24½	-2.0	$2.48	MrJeSeDe	24.8	–
Ford Motor		45⅛	5.7	$1.60	MrJeSeDe	27.10	2615
Gen Elect.		70⅛	0.6	$2.52	JaApJyOc	29.12	2675
General Host	♥	435¼p	-0	34c	–	13.12	–
Gillette		41⅛	4.7	84c	MrJeSeDe	28.7	2605
Hasbro		20⅞	....	24c	FeAuJnNv	1.6	–
Honeywell		22⅞	0.9	88c	MrJeSeDe	22.11	2919
Houston Inds		30⅛	-1.9	$3.00	MrJeSeDe	10.11	–
Ingersoll-Rand		25⅞	-3.0	70c	MrJeSeDe	16.11	2979
Lockheed		44⅛	-0	$2.12	MrJeSeDe	15.2	–
Lowe's		40⅛xd	11.4	32c	JaApJyOc	11.1	–
Maxy Technology		276¼p	-4.8	–	–	–	–
Merrill Lynch		28⅛	5.5	80c	FeMyAuNv	19.10	3361
Morgan (JP)		47⅛	3.2	$2.72	JaApJyOc	16.12	3418
Morris (Philip)	♣	38¼	-1.7	$2.60	JaApJyOc	10.12	5161
NYNEX	h	26⅝xd	1.3	$2.36	FeMyAuNv	27.6	4740
Pall		12⅛	-2.5	32c	FeMyAuNv	24.1	–
Pennzoil		35½	-3.9	$3.00	MrJeSeDe	24.11	3630
Quaker Oats		44	-6.5	$2.12	JyOcJaAp	14.12	3719
Questor		117p	-13.3	–	–	–	2416
Rep NY		32¼	2.8	$1.08	JaApJySe	10.12	3914
Rockwell		24⅛	..	$1.00	MrJeSeDe	9.11	3947
Sears, Roebuck		35⅛	-1.0	$1.60	JaApJyOc	24.11	5191
Sthwestern Bell	h	26⅛	1.7	$1.51	MyAuNvFe	6.1	–
Sun Co		21	0.6	$1.80	MrJeSeDe	5.11	4135
Tenneco		36¼	2.3	$1.60	MrJeSeDe	23.11	–
Texaco		44⅛	-4	$3.20	MrJeSeDe	3.11	4200
Time Warner		26⅛	-2.8	32c	MrJeSeDe	25.11	4234
US West		28⅛	-2.8	$2.14	FeMyAuNv	14.4	–
Unilab	♥	418p	4.5	–	–	–	–
Varity		31½	1.9	–	–	11'77	–
WMX Technologies		18⅛	0.6	60c	ApJyOcJa	17.12	4430
Whirlpool		44⅛	2.9	$1.22	MrJeSeDe	4.3	–
Woolworth	♥	17	2.3	$1.16	MrJeSeDe	28.1	4540

CANADIANS

	Notes	Price £	Wk% ch'nge	Div gross	Dividends paid	Last xd	City line
Amer Barrick		20⅛	-7	12.0	Jun Dec	–	–
Bk Montreal	h	14⅛	2.9	$1.12	JaMyAuNv	2.8	1039
Bk Nova Scot.		16⅛	3.4	$1.16	JaApJeOc	6.1	1017
BC Gas	♥	850p	-7	80c	FeMyAuNv	30.12	–
BCE		23⅛	0.7	$2.68	ApJyOcJa	12.8	–
Brascan	♥	862¼p	2.3	$1.04	JaApJyOc	28.10	–
Can Imp Bk		17⅛xd	5.3	$1.32	JaApAuNv	30.12	1007
Can Pacific		11⅛	1.5	32c	JaApJyOc	28.12	–
4pc Deb		50½	2.0	Q4%	Jan Jul	22.5	–
Dorian	♥	278p	1.6	28c	MrJeSeDe	3.8	–
Echo Bay	♥	957¼p	-7	8.0c	Jan Dec	–	1070
Gulf Can	♥	228¼p	-3.9	–	–	4.3	–
Hawker Sid.	♥	13⅛xd	2.2	$1.08	ApJyOcJa	16.11	–
Hudson's Bay	♥	20⅛	-1.9	80c	MrJeSeDe	2.10	–
Imperial Oil	♥	23⅛	1.5	$1.82	MrJeSeDe	4.3	–
Inco		18⅛	-1.7	40c	DeMrJeOc	4.3	–
Nova Corp Alberta		484p	1.0	24c	FeApAuNv	28.10	4715
Rio Algom	♥	11⅛	-7	60c	Jan Dec	16.4	–
Royal Bk Can.		15⅛	2.3	$1.16	MrJeSeDe	16.7	1180
TVX Gold	♥	489½p	2.1	–	–	–	–
Toronto-Dom.		11⅛	2.2	76c	JaApAuNv	20.3	1207
Trans Can Pipe	♥	10⅛	0.8	84c	JaApJyOc	1.12	–

SOUTH AFRICANS

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		£13½	.....	Q350c	1.7	Oct Apr	22.3	–
Barlow Rand		£4⅛	-5.7	Q173c	1.7	Jan Jul	13.12	1760
Gold Fields SA R		£16⅛	-5.6	Q200c	1.5	Mar Sep	28.1	2717
NK Props	ss	90	....	Q67.1c	φ	Mar Oct	19.10	–
SASOL	♥	289	-1.7	Q78c	–	Oct	23.9	3919
SA Brews		£13½	-10.0	Q138c	2.2	Dec Jun	13.12	4113
Tiger Oats		738xd	-9.2	Q82c	2.9	Jan Feb	29.11	5222
Tongaat-Hulett	†	452xd	-4.2	Q75c	2.4	Feb Aug	4.1	6221

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ⁂ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. x Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1992-93. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Figures based on BMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Barle (Bldg & Con), Cementone Wrts and Plasmec (Chems), Arjo AB (Health Care), Govett Emrg C, Govett High Inc Ord & Wrts, Kleinwort 2nd Endw Policy, Mercury World Ord & Wrts, and NM Smlr Aust. (Inv Tsts), Nelson Hurst and New London Cap. (Insce), Inspirations (Leis & Htls), On Demand Info (Media) and London Indl (Prop).

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4 pm close January 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

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NYSE COMPOSITE PRICES

4 pm close January 14

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close January 14

AMEX COMPOSITE PRICES

4 pm close January 14

FT GUIDE TO THE WEEK

17 MONDAY

John Major at Scott inquiry

John Major, the hard-pressed UK prime minister (left), joins the growing line of officials and government ministers required to give evidence in public to Lord Justice Scott's arms-for-Iraq inquiry.

Mr Major set up the inquiry himself in November 1992 in response to the row over alleged government complicity in the illegal arms sales. He was foreign secretary and chancellor of the exchequer under Lady Thatcher.

The European Parliament holds its first full session of the year. The 518 deputies will be preparing nervously in Strasbourg for June's Euroelection, likely to be dominated as much by domestic issues in the 12 member states as by pan-European themes.

Textile squabble: The US is due to cut China's textile and clothing import quotas by more than $1bn for alleged cheating. The Clinton administration says China has tried to skirt limits by shipping goods into the US through other nations.

Mercosur summit: The presidents of Brazil, Argentina, Paraguay and Uruguay, the four countries which will make up the planned Mercosur free trade area, are due to meet in Uruguay. Mercosur is planned to come into effect next year, but some matters are undecided, for example, a common external tariff.

Lloyd's offer: Names on Gooda Walker and Feltrim syndicates – two of the biggest loss makers at Lloyd's of London – meet this week to discuss the £900m offer to settle litigation at the insurance market. Both groups are likely to reject the deal, making their disputes dependent on legal cases coming to court later this year. In these, Names are suing their agents for alleged negligence.

Gooda Names, who meet today, have been offered £223m, compared with a claim of £580m. Names have until February 14 to vote on the package.

Thorp licence: The licence for the £2.8bn Thorp nuclear reprocessing plant at Sellafield, north-west England, comes into effect. The plant will not be fully operational for another month, while preliminary tests continue. In early February, the government faces a legal challenge on its decision to grant the licence from Greenpeace, the environmental pressure group, and Lancashire County Council who are worried about emissions.

Holidays: US federal government offices and banks will be closed for Martin Luther King day.

18 TUESDAY

Patten consults in London

Chris Patten, the governor of Hong Kong, leaves for London for a series of meetings with British ministers about the colony's political development. It is expected that the governor will seek approval to push ahead with his original democracy proposals in the form of a second bill to be put to Hong Kong's legislature in March.

On Thursday, he will appear before the foreign affairs select committee of the House of Commons. The committee is preparing a report on Anglo-Chinese relations.

Lloyd Bentsen, the US treasury secretary, who is on a trip to Asia, arrives in Thailand. He is expected to call for an opening of the Thai financial and services sector to more foreign competition.

Burmese constitution: The country's national convention is due to sit. It mostly comprises delegates hand-picked by the military junta and is charged with drafting a new constitution. It may feel its hand has been strengthened now the Karen, one of the regime's main opponents, have decided to hold peace talks.

Bosnia negotiations resume: The leaders of Bosnia's three warring communities will resume partition talks in Geneva under the United Nations mediators Lord Owen and Thorvald Stoltenberg.

Last week, Nato renewed warnings that the Serbs will risk air strikes if they block the opening of the airport in Tuzla, the biggest Moslem stronghold. Hope for a settlement is slim. Bosnian prime minister Haris Silajdzic (above) has said that if the Serb shelling of Sarajevo does not stop, his delegation will stay away.

Aluminium smeltdown: Trade representatives from the world's leading aluminium-producing countries meet in Brussels with industry representatives to consider ways of reducing global surpluses of the metal. This might lead to co-ordinated cuts in production.

UK trade survey: The monthly distributive trade survey from the Confederation of British Industry should give the first insight in retail trade over Christmas and the New Year.

Media reports and anecdotal evidence point to a spending spree in late December, although this may have been exaggerated by focusing on the hitherto depressed south. Official figures on Wednesday will provide further details of retail trading in December.

19 WEDNESDAY

Crunch-time for Hosokawa

In a decisive week for Japan's prime minister Morihiro Hosokawa, his ruling coalition is trying to get parliament's upper house to vote on the four political and electoral reform bills in a plenary session. This is the final stage before they become law.

Procedural delays and splits in its own camp have forced the coalition to aim for a vote in the upper house political reform committee mid-week, paving the way for a plenary vote by Friday. Hosokawa is expected to succeed in the end by a narrow margin. If he fails to get agreement by January 29, the end of the extended parliamentary session, he may resign.

Bentsen in Beijing: US treasury secretary Lloyd Bentsen is due in the Chinese capital. At a meeting of the US-China joint economic committee, he is expected to discuss China's economic reforms, opening up its markets, and US concerns about human rights. On Friday, he travels to Shanghai.

Allies in Ankara:

British foreign secretary Douglas Hurd visits the Turkish capital for talks with Prime Minister Tansu Ciller (left). Tomorrow he is joined by his German counterpart Klaus Kinkel. The Turks' European partners will try to reassure them that the Greek accession to the presidency of the European Union will not upset Turkey's plans to deepen its trade and political relations with Brussels.

Theodoros Pangalos, Greece's deputy foreign minister, outlines to MEPs in Strasbourg his government's priorities for the EU presidency during the next six months.

Edouard Balladur, French prime minister, is expected to convene a strategy session on the economy to try to find a way to reduce unemployment.

Ungagged: The Irish government's broadcasting ban on Sinn Féin, the political wing of the of the Irish Republican Army terrorist organisation, is due to lapse.

UK retail price index: Budget increases in tobacco, petrol and vehicle excise duties are set to push up inflation. The headline rate for December is expected to rise from November's 1.4 per cent year-on-year rate to about 2 per cent, which would be the highest level since December 1992.

Forecasters expect only a modest upturn in underlying inflation, which excludes mortgage interest payments, to 2.7 per cent last month, from 2.5 per cent in November.

20 THURSDAY

Bundesbank ponders rates

The Bundesbank council holds its regular fortnightly meeting. The German central bank has not cut interest rates so far this year. Although money supply growth may be abating, the recent weakness of the D-Mark has added to uncertainty over the timing of German monetary easing.

The Bank of England will announce the terms of its first extended repo and secured loan facilities to provide funds to the UK banking system to February 10 and to February 24. The move is a step towards liberalising the London money market.

South African elections: The African National Congress publishes its official list of candidates for the April 27 elections, delayed from Tuesday because of computer problems.

President F.W. de Klerk opens the National party election campaign with a trip to Northwest Province.

Ukraine's parliament convenes:

Ukraine's parliament, the rada, reconvenes for its last session before elections in March. Many of its members have already voiced their opposition to the accord signed by President Leonid Kravchuk in Moscow last Friday under which Ukraine is to eliminate its nuclear missiles over the next three years.

This will be their first chance to attempt to derail the deal described by President Boris Yeltsin of Russia as "putting the last full stop in the last chapter of the cold war".

Vietnam's Communist party is scheduled to hold a special conference that has been delayed from December. The party is expected to discuss the successes and problems of economic reform (to Jan 24). There may be a leadership reshuffle.

Inman takes charge:

Bobby Ray Inman (left) is due to take over as US secretary of defense. Inman will be the first former career officer to serve as secretary of defense since General George Marshall, who held the office under President Harry Truman. Inman also has the distinction of having voted for George Bush in the election won by President Clinton.

His resignation offer rejected, Carlo Ciampi stays on as Italy's caretaker prime minister until the elections

21 FRIDAY

Belgian Guy to face music

Belgium's political establishment continues its painful self-examination about allegations of bribery and corruption relating to the award of a helicopter contract to Agusta, the Italian aircraft manufacturer.

Today, a special committee of the Belgian parliament is expected to question Guy Coeme, deputy prime minister, and the most senior of three French-speaking Socialist politicians. The magistrate investigating the affair wants to examine them. All three have denied any wrongdoing and opposed calls for their parliamentary immunity to be lifted.

Lloyd's meeting: Names belonging to Lloyd's of London loss-making Feltrim syndicate meet to discuss the offer to settle litigation at the insurance market. They have been offered £237m, just under 40 per cent of their total claim.

Turkey's president Suleyman Demirel attends a summit of Turkic republics in Baku, Azerbaijan (to Jan 22). Turkey hopes its cultural ties will help it increase trade with and influence in central Asia.

22-23 WEEKEND

Turkmenistan 10-year plan

This remote, gas-rich central Asian republic holds a referendum on Saturday on whether its current president Sapurmurat Niyazov should hold office until 2004, seven years beyond his constitutional limit. Mr Niyazov, who has generated an extensive personality cult, is expected to win – previous referendums have all yielded a 99 per cent "yes" vote, despite protests from human rights groups.

ANC policy conference: The African National Congress, widely expected to play a leading role in South Africa's government after April's election, debates its future policy at an economic reconstruction conference.

Party in Weimar: Manfred Brunner, founds a German anti-Maastricht party in Weimar on Sunday to contest this year's European election. Mr Brunner, an outspoken opponent of the Maastricht treaty, took the government to the constitutional court last year, in a bid to have the treaty thrown out.

Compiled by Patrick Stiles.
Fax: (+44) (0)71 873 3194.

ECONOMIC DIARY

Other economic news

Monday: UK manufacturing output should show a modest rise between October and November and grow 2 per cent compared with November 1992. Cold weather should have given a boost to energy output. Economists expect no acceleration in producer output prices despite Budget tax increases. Weak oil prices should help keep input prices low.

Tuesday: An expected fall in Japan's private sector machinery orders in November would increase pressure for action to boost the economy.

Wednesday: UK retailers had their best Christmas for years, fuelling expectations of a 5.2 per cent year-on-year increase in volume sales last month.

Canada's lead indicator for December should point to continued steady growth, while November wage data should calm fears of inflation.

Thursday: Anything more than the anticipated 1.43m of US housing starts in December would add to recent evidence of bumper fourth-quarter growth.

Friday: City expectations of a £2bn increase in UK bank and building society lending in December would mark a strengthening of credit demand if fulfilled.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	Dec producer prices index input*	-0.3%	-0.3%
Jan 17	UK	Dec producer prices index input**	-1.3%	-0.9%
	UK	Dec producer prices index output*	0.1%	0%
	UK	Dec producer prices index output**	3.6%	3.6%
	UK	Nov manufacturing output*	0.3%	0.1%
	UK	Nov manufacturing output**	2.3%	1.2%
	UK	Nov industrial production*	0.3%	0.7%
	UK	Nov unit wage cost 3M**	0.3%	-0.1%
Tues	Japan	Nov machine orders*	-14.9%	-13.1%
Jan 18	Japan	Nov machine orders(ex ships etc)**	12.5%	-31.1%
Wed	US	Nov merchandise trade	-$10.5bn	-$10.5bn
Jan 19	US	Nov merchandise exports	$40bn	$40.1bn
	US	Nov merchandise imports	$50.4bn	$50.6bn
	Japan	Nov indust. prod. real (seas. adj)	–	-5.5%
	Japan	Nov shipments real (seas. adj)	–	-6%
	France	Nov industrial production*	0.4%	-0.7%
	UK	Dec retail prices index*	0.3%	-0.1%
	UK	Dec retail prices index**	2%	1.4%
	UK	Dec retail sales*	0.4%	0.4%
	UK	Dec retail sales**	5.2%	3.9%
	UK	Dec PSBR	£5bn	£3.1bn
	Canada	Nov merchandise trade surplus	$1.35bn	$1.4bn
	Canada	Nov wage settlement rises	1.1%	2.3%
Thur	US	Dec housing starts	1.43m	1.43m
Jan 20	US	Initial claims w/e Jan 15	340,000	354,000
	US	Money supply figures w/e Jan 10	–	–
	France	Oct current account	FFr8bn	FFr9bn
	UK	British Chambers of Comm survey†	–	–
	Canada	Nov manufacturing new orders*	1.5%	-0.3%
Fri	Japan	Dec trade balance (custom cleared)	$1.4bn	$7.4bn
Jan 21	France	Dec consumer prices index – final**	–	2.2%
	UK	Fourth qtr GDP – preliminary**	2.4%	2.1%
	UK	Dec money supply figures	–	–
	UK	Dec Bdg Scty new commitments	£2.5bn	£2.8bn
	Canada	Dec consumer prices index**	1.9%	1.9%
	Canada	Nov wholesale trade (seas. adj.)*	–	–
During this week...				
	Japan	Jan trade balance (first 10 days)	–	$2.1bn
	Japan	Dec money supply (M2/deposits)	1.4%	1.5%
	Germany	Dec producer prices index*	-0.1%	0%
	Germany	Dec producer prices index**	-0.1%	-0.2%
	Germany	Nov trade balance	DM6.5bn	DM9.3bn
	Germany	Nov current account	–DM2.5bn	-DM3.5bn
	Italy	Nov industrial production**	-2%	-4.4%
	Italy	Nov producer prices index**	5%	4.1%
	Italy	Nov wholesale prices index**	4%	5.2%

*month on month, **year on year †qtly

Statistics, courtesy MMS International.

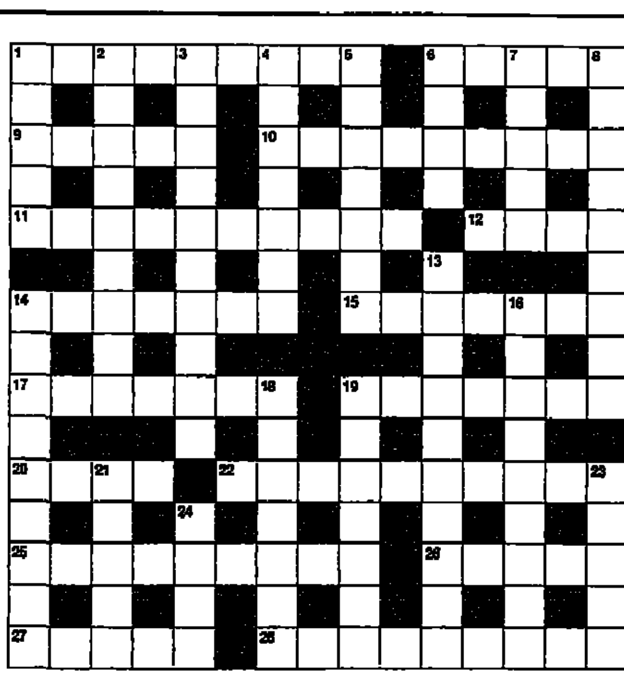
People with stars are star people

ACROSS

1 If retiring, dwells on domestic scenes (9)
6 See 13
9, 21 *Dane with property – not proper, hot – swallowed by snake, male (5,5)
10 Fit fender another way (9)
11 *Greek fruit of the rose to dry up on you and me (10)
12 River, or poem to one (4)
14 *Egyptian providing employment (no men) (7)
15 Use flea to disturb calm (7)
17 Headless chickens wash, as of old, to be enthralling (7)
19 Some ministers at cathedral in laconic style (7)
20 Musical instrument backed by a qualification (4)
22 *Pole not well up in soccer (10)
25 *Briton escaped without much Dutch capital (9)
26 Damp is found during car test (5)
27 Belgian feudal superior (5)
28 The person who gets up without love is a speculator (9)

DOWN

1 Bring female to draw acidly (5)
2 Modern music and gambling are just right for shrimps (4,5)
3 Something to keep in the kitchen takes a brief second to anger and shock (7,3)
4 Caravan dweller – or was I a performer playing hard to get? (7)
5 Spread over, according to abbreviated county custom (7)
6 Grass for climbing beast (4)
7 Give up production (5)
8 Recovery none too soon by the side? (9)
13, 6 across *New star and new moon for Queen and Queen's own (10,5)
14 A lot of what sounds like piffle about a fast time? (9)
16 Nice fresh product from across the channel (9)
18 Oriental rat, maybe, is caustic (7)
19 It gives footwork for those who can't read letters (7)
21 See 9
23 Possibly stray wolf? (5)
24 I shall sound like what I may stand for (4)



MONDAY PRIZE CROSSWORD

No.8,355 Set by CINEPHILE

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday January 27, marked Monday Crossword 8,355 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday January 31.

Name...

Address...

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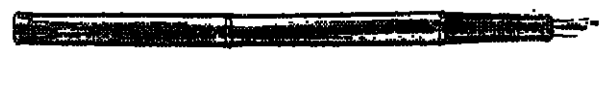
T.F. Brady, Ontario, Canada
F.W. Fulcher, West Runton, Norfolk
H.P. Hatfield, Mouans Sartoux, France
Mrs S. McColl, Sheffield
D. Philpott, Aylesford, Kent

Solution 8,344

BACKSIDE BRAIN
E E T I F E N I
SOLAR GRIEVANCE
I E A E L O E L
DISMISSAL LURID
E T G T I U I
RICHES PATTERN
A A T I X G
DOLEFUL SCOTCH
H O A T N U A
EMBER SURPASSED
S E W T U R A D
INSTALLED IMBUE
O O R Y E E L R
NOMADS CLUSTERS



هكذا من الأصل